UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
------------------------------x

UNITED STATES OF AMERICA,

v. 15 Cr. 643 (PKC)

GARY HIRST,

Defendant.

------------------------------x

September 19, 2016
10:15 a.m.

Before:

HON. P. KEVIN CASTEL

District Judge
and a Jury

APPEARANCES

PREET BHARARA
United States Attorney for the
Southern District of New York
BY: BRIAN R. BLAIS
AIMEE HECTOR
REBECCA G. MERMELSTEIN
Assistant United States Attorneys

SHER TREMONTE LLP
Attorneys for Defendant
BY: MICHAEL TREMONTE
JUSTINE A. HARRIS
NOAM KORATI BIALE

ALSO PRESENT:
SPECIAL AGENT SHANNON BIENIEK, FBI
ELLIE SHEINWALD, Paralegal
GARY SMITH, Paralegal
RYAN POLLOCK, Paralegal

(Trial resumed; jury not present)

THE COURT: So you have kept me busy with the reading material, which is fine. But let's talk for a moment, and maybe I can do this a little bit in the direction of the government's case before we talk about things that relate to the defendant's case.

With regard to Mr. Flatley, there is an obligation on the part of the government to prove its case by proof beyond a reasonable doubt, each element of the crime, and there is nothing inappropriate in permitting the government to call the witness in its direct case, and I will allow that.

With regard to Jamie Patturelli, Jamie Patturelli is not offered as an expert witness and will be precluded from offering opinion evidence. However, the witness is able to testify as to what the person saw, what they did, what circumstances gave rise to their action, and whether that was based on experience or otherwise.

A medical doctor is testifying typically as a fact witness when he reports what he diagnosed a patient as suffering from when he saw that patient two years ago. That's fact testimony. Someone who wants to give an opinion apart from their factual participation in past events can only do so if they are designated experts. So that comes in.

With regard to Exhibit 910, I want to see it. Maybe we will to it at the lunch break, at some point. I want to see it and hear from you all so I can have a better understanding of the issue.

MS. HARRIS: Your Honor, just this morning, and we apologize for leaving it off of the filing last night, a hard copy was provided to your Honor's deputy clerk.

THE COURT: I know. I just received it as I was taking the bench, and it is the kind of thing that hearing you all on may be appropriate. Of course, it's a demonstrative. It illustrates the testimony, and certainly if a witness can say it, the chart can show it. And whether the witness's testimony, as long as it meets admissibility, is truthful, accurate and correct, is a matter for cross-examination. But I want to hear more.

There is also an alternate ground now argued for the statements made by Jason Galanis to federal agents about a particular investment, a particular circumstance, if Mr. Hirst knew that a particular figure was going to be involved in the transaction.

Now, I believe I have covered this before, but I will ask it again and see whether the answer has changed from my recollection, but does the government know what transaction Mr. Galanis was referring to?

MR. BLAIS: Yes, we do.

THE COURT: What transaction was that?

MR. BLAIS: It was an investment in a company called

The Ozone Man. I think it was also referred to by its ticker symbol, which is TOMI.

THE COURT: When was this transaction floated?

MR. BLAIS: I believe it was in 2009, although I'm not 100 percent sure of the timing on that.

THE COURT: Our jurors are here.

I will hear further argument on that.

Bring the witness in and bring our jurors in, please.

(Continued on next page)

(Jury present)

MICHAEL HLAVSA, resumed.

THE COURT: Ladies and gentlemen, good morning. I hope you had a very pleasant weekend. I won't say I imagine you had a relaxing weekend because like a lot of people I suspect you were running around doing lots of things that need to be done. I know I was, and that's what life is about.

But Saturday was a beautiful, gorgeous, fabulous weather day. I hope you got to enjoy some of it. And even yesterday had its moments. So it's good to see you all back in action.

And, Mr. Hlavsa, the Court reminds you that you are still under oath.

THE WITNESS: Thank you.

THE COURT: Mr. Tremonte, you may proceed.

MR. TREMONTE: Thank you, your Honor.

CROSS-EXAMINATION (Cont'd)

BY MR. TREMONTE:

Q. Good morning, Mr. Hlavsa.

A. Good morning.

Q. I think when we finished up on Thursday, I was asking you about Government Exhibit 589.

MR. TREMONTE: If we can bring that up on the screen.

Q. Government Exhibit 589, as you will remember, is a letter on Gerova stationery dated January 28, 2011, and it's addressed to NYSE Regulation, Inc.

Do you see that on your screen?

A. I do.

Q. Do you remember that?

A. I do.

Q. Before you answered questions about 589, I showed you a series of drafts of that letter.

Do you remember that?

A. I do.

Q. One of them was Defendant's Exhibit 209 in evidence, correct?

You don't have to answer yet. Let me bring the document up so you can see it so you know what I am asking you.

A. Thank you.

MR. TREMONTE: Just to make sure, this is the redacted version?

Q. If we don't have the redacted version, why don't I give you a hard copy so you can follow.

A. Thank you.

Q. This has my notes on it. Sorry.

While we are waiting for it to come up, you remember, Mr. Hlavsa, that you testified about a draft that had comments in the margin with your initials on it.

Do you remember that?

A. I do.

Q. While we are waiting for it to come up, to just use the time productively, the draft with your -- do you recognize that as the first page of Defense Exhibit 209?
A. Yes.
Q. That's one of the documents you were testifying about last week, correct?
A. Yes.
Q. If we can turn to the page ending in 182, please.
It's got at the bottom of the page the number 11 for reference.
Again, it looks like it's up on everybody's screen.
Just to remind everybody, this is Defense Exhibit 209. It is a draft version of the letter that was ultimately sent from Gerova to the New York Stock Exchange in late January 2011.
Mr. Hlavsa, directing your attention to the bottom right-hand corner of page 11, what is now at the top of the screen, you see where it says, "The most recent audited financial statements for de Lane Lea, Seymour Pierce, Ticonderoga Securities are attached as exhibit, blank, and, blank, respectively"?
A. I do.
Q. There is a notation there on the right where it says "deleted." "And others to obtain financial statements from de Lane Lea, Seymour Pierce and Ticonderoga, as well as any other

pro forma statements."
Do you see that?
A. I do.
Q. At the time of this draft, Defense Exhibit 209, it was anticipated that you would be providing that information before the final version went to the New York Stock Exchange, correct?
A. I'm not sure. I don't know.
Q. That's what the comments suggest on its face, right?
A. The comment was deleted.
Can you repeat the question?
Q. Sure.
The comment that's deleted, and actually appears in two places, indicates that you and others would be obtaining financial statements for this draft.
Do you see that?
A. Yes, I do.
Q. Let me show you what has been marked for identification as Defense Exhibit 1250.
MR. TREMONTE: This document is not in evidence.
Your Honor, it's a large document so I have tabbed it for ease of reference.
THE COURT: All right.
Q. Mr. Hlavsa, take a moment and have a look at that, but please don't read from it, as it is not in evidence.
A. OK.

Q. You see if you look at the document, at the top of the stack, it's 13 pages.

Do you see that?

A. I'm sorry. It's what?

Q. 13 pages long.

A. I see that.

Q. It's on Gerova letterhead?

A. Yes.

Q. And it's dated January 28, 2011?

A. Yes.

Q. It's similar to the document on its face that you were just looking at, Government Exhibit 589?

A. I'll agree with your assurance.

Q. Let me bring you 589.

A. Can you repeat the question?

Q. It appears similar to 589, correct?

A. Yes, it does.

Q. Do you recognize that document?

A. Yes.

THE COURT: Which document, Defendant's 1250?

MR. TREMONTE: Yes, your Honor.

THE COURT: Go ahead.

A. Yes.

Q. What do you recognize it to be?

A. A letter to the New York Stock Exchange dated January 28,

2011.
Q. It's substantially similar to 589, Government Exhibit 589 that you looked a little earlier, except it's got exhibits attached to it, correct?
A. I don't know. I mean, it's 13 pages. I'm assuming it's the same letter, but obviously I haven't looked at every page of the letter and compared it.
MR. TREMONTE: Your Honor, I move to admit Defense Exhibit 1250 in evidence.
THE COURT: Any objection?
MS. HECTOR: No objection.
THE COURT: Received.
(Defendant's Exhibit 1250 received in evidence)
BY MR. TREMONTE:
Q. If you turn to the last page of the memo that's on top, the page after that you will see there is a tab that says Exhibit A.
A. Yes.
Q. If you turn to the exhibit, just one of the attachments to this letter, you will see there is a document at the top that says "Noble Investment Fund, Ltd.?
A. I do.
Q. It's dated October 5, 2009?
A. I see that.
Q. You see it's addressed to Jason Galanis?

A. Yes, it is.
Q. If you turn to the fourth page of that document, the signature page. You see there are signature lines?
A. There are.
Q. Those are signed or appear to be signed?
A. Yes.
Q. One of the signatures is Arie Van Roon?
A. Yes.
Q. That's a name you're familiar with, correct?
A. Yes.
Q. Mr. Van Roon was the president of Noble Investment Fund, Ltd., correct?
A. That's what it states here. I don't know that personally.
Q. You knew him to be affiliated with Noble, correct?
A. Yes, I did.
Q. And down below, that's Jason Galanis.
Do you recognize that signature?
A. I don't.
Q. If you turn to the first page of the document. I am just going to ask you to read that first paragraph after "Dear Jason."
A. "The following will serve to memorialize -- "
THE COURT: It's a long paragraph. It's up on the screen for the jurors.
Do you have that, ladies and gentlemen of the jury in

the jury box?

THE JURY: Yes.

THE COURT: You can read it to yourself. I am sure the witness is a more-than-competent reader.

MR. TREMONTE: I am going to ask the witness to summarize some of the provisions in there.

THE COURT: That's a different question.

The jury can read the first paragraph. If that's what you wanted him to read aloud, it's already up on the screen.

Q. Mr. Hlavsa, just making our way through that first paragraph, it recites that the document records or memorializes an arrangement between Noble, another entity called Pure Glow, which is listed as the portfolio manager, and then it says, "Such other entities that may be established by Noble, Pure Glow or Van Roon."

Do you see that?

A. I do.

Q. You understood there were various entities affiliated with Noble, Pure Glow and Van Roon, correct?

A. I did not.

Q. Then down below it indicates, the last sentence of that paragraph, "Noble Pure Glow and such other entities as may at any time afterwards be created by those entities, Noble or Pure Glow or Van Roon, are referenced in the agreements under the defined term."

Do you see that?
A. I do.
Q. Turning to Exhibit D, which starts at numbered page 39131. Do you see that?
A. Yes.
Q. That's a set of financial statements from an entity called Seymour Pierce Holdings, Ltd., right?
A. It appears to be, yes.
Q. That's a document that you located and provided to be attached to this letter, is that right?
A. I do not recall that.
Q. Turning your attention to Exhibit E, which is the numbered page ending 39158.
A. I have it.
Q. That's a financial report from Ticonderoga Securities, LLC, correct?
A. Yes, it is.
Q. That's a document that you provided to be attached to this letter?
A. I do not recall that.
Q. You're familiar with Ticonderoga Securities, LLC, right?
A. Yes.
Q. You were at the time in 2010?
A. I'm not sure I was, but certainly about that time.
Q. You understand that this was an acquisition target for

Gerova, correct?
A. Yes.
Q. That was also true of Seymour Pierce, correct?
A. Correct.
Q. Around this time it was anticipated that both of these entities would become subsidiaries of Gerova, correct?
A. We had some business relationship with them, yes.
Q. Then finally turning your attention to Exhibit B, it begins on the page numbered 39116.
Do you see this is a memorandum from someone named Luis Mejia?
A. Yes.
Q. It's about, the subject line says, Jason Galanis?
A. Yes, it does.
Q. I am not going to have you read aloud, but if you could just focus your attention on that first full paragraph beginning, "We understand that GFG."
A. I have read it.
Q. On the second and final page of the letter -- again, without reading aloud -- I would just like you to focus your attention on the paragraph beginning, "Based on the information and representations you have provided"?
A. I have read it.
Q. You're aware that the company sought a legal opinion in April of 2010 as to the propriety of Mr. Galanis being an

officer of a Gerova subsidiary, correct?
A. I was not.
MR. TREMONTE: If we could bring up Government Exhibit 201, please.
Q. Mr. Hlavsa, do you see Government Exhibit 201 on your screen?
A. I do.
Q. You testified about this document on direct last week, correct?
A. Yes.
Q. Turning to page 62 of the document.
I just want to direct your attention to where it says "share ownership."
Do you see that?
A. I do.
Q. It says, "The following table sets forth information known to the company regarding the beneficial ownership of the ordinary shares as of May 24, 2010," correct?
A. Yes.
Q. I believe you testified last week that May 24, 2010 was the last date on which you had obtained information from the Continental stock transfer about the number of shares outstanding, is that right?
A. No, that's not correct.
Q. What was that the date of?

A. It was the date that the information was retrieved from Continental stock. I'm not sure if I did the retrieving of that information or another party did.
Q. Fair enough.
But the information in this section of the filing, which relates to share ownership, is all with reference to May 24, 2010 information, correct?
A. I believe that's correct.
Q. And this document was submitted to the SEC on or about June 2 of 2010, is that correct?
A. That's correct.
MR. TREMONTE: If we can bring up Government Exhibit 201A in evidence.
Q. You see Government Exhibit 201A, that's the Form 20-F/A?
A. Correct.
Q. That's another document you testified about last week, correct?
A. Yes.
Q. If we can turn to the same section of this filing that we just looked at in the Form 20-F.
While we are waiting to get there, this document was submitted on or about June 16, 2010, correct?
A. Yes.
Q. Directing your attention to the sentence just under where it says "share ownership," it's the same sentence as in the

earlier draft, isn't that correct?
A. Yes, it is.
Q. It's identical right down to the date, May 24, 2010?
A. Yes.
Q. So that indicates that the 20-F/A, which was filed about two weeks after the 20-F, you used information as of the same date regarding the number of shares outstanding, correct?
A. I'm not sure I used that information. The document does contain the information with the same date, yes.
Q. You signed a certification on this document, correct?
A. Yes, I did.
Q. And that indicates that you are the person chiefly responsible on the financial side of the company for this document, correct?
A. Yes.
Q. What I am indicating when I say "you" is really the company, but you did have primary responsibility for this, right?
A. I was one of the responsible parties, absolutely.
Q. So far as you know, no one involved in the preparation of this document, the 20-F/A, went back to Continental to get more recent information about the number of shares outstanding, correct?
A. Yes.
MR. TREMONTE: If we can bring up Government Exhibit

508. I believe that's in evidence.

Yes, it is in evidence.

Q. You see Government Exhibit 508 in evidence on your screen?

A. I do.

Q. So let me start at the very top of that chart. You see at the top row on the first page of the chart it says date on the left-hand side.

Do you see that?

JUROR: It's not on the screen.

THE COURT: There it is.

Q. So there is a row to the far left that gives you the date, and that's the date of activity in connection with the shares of the company that's recorded by Continental, correct?

A. Yes.

Q. Then the next column, at the top, it says "comments."

A. Yes.

Q. That's information recorded by Continental about the activity?

A. I believe so.

Q. Next row at the top it says "common issued."

Do you see that?

A. Yes.

Q. And that indicates the number of common shares that are either issued, in which case it is a positive number, or taken back, in which case it is negative, correct?

A. I believe so, yes.
Q. Then the next column at the top it says "authorized". That's the total number of shares that are authorized to be outstanding, right?
A. I believe so, yes.
Q. Finally on the far left there is a column that says "total".
Do you see that?
A. It's on the far right.
Q. Thank you. Far right.
That is a running tally of the total number of shares that are outstanding, correct?
A. Yes.
Q. Again, this is for Gerova Corp.?
A. For Gerova Financial Group, yes.
Q. Up on that very top entry, the entry dated January 23, 2008, the total number of authorized shares is 51 million, right?
A. Yes.
Q. And that's a number that's authorized by an action of either the shareholder or the board, correct?
A. I'm not sure.
Q. Continental doesn't authorize the shares, correct?
A. Correct. The company.
Q. Somehow the company does?

A. The company does.

Q. If we can go down the page.

Let's go to the top of the first page, please.

The total number of shares outstanding, you have got 51 million authorized, but your actual number of outstanding shares is just 2,500,000, correct?

A. Yes.

Q. And that number increases as things happen. So, for example, on February 19, 2008, your common issued increases to 5,704,983, authorized stays the same, and then the total is adjusted to reflect the fact that more shares were issued, right?

A. Yes.

Q. Now if we go to the bottom of that page. Between the beginning of 2008 and July of 2008, so middle of the summer, the company's total number of outstanding shares is increased to 11,877,333.

Do you see that?

A. Yes.

Q. Let's go to the next page. It picks up at the top and then we will scroll down to the bottom.

Each one of these entries is some kind of activity in connection with an issuance, correct?

A. Yes.

Q. So by the time you get to the middle of '09, about a year

and a half into the company's existence, at the bottom of the page, you're up to 13.4 million shares outstanding, right?
A. Yes.
Q. Scrolling to the bottom of the third page, now we are at May 2010, about another year has passed. The company is at 13.9 million shares outstanding, right?
A. Yes.
Q. The top of the next page, and I think this is the page that you testified about last week, is that right?
A. Yes, I did.
Q. On May 12, 2010, that's about two or three weeks before the Form 20-F/A is filed, right?
A. Yes, it is.
Q. The number of shares authorized to be issued by the company increases to 300 million, right?
A. That's what it states.
Q. That was a sixfold increase over the original authorization, right?
A. Yes.
Q. Your total stays the same on the 12th, the 13th of that month.
Do you see that?
A. I'm sorry. The total number?
Q. The total number of shares outstanding remains relatively constant, 13,979,000. That number is essentially the same for

the 12th and the 13th, correct?
A. Correct.
Q. Then on the 14th of May, you have an issuance of 123,708,334 shares, correct?
A. Yes.
Q. Your total goes up to over 137 million, correct?
A. Yes.
Q. And those shares were issued in connection with the de-SPAC transactions, right?
A. I believe so.
Q. Just taking a step back, to be clear on this, the idea behind the de-SPAC initially was the company had 100 some odd million dollars in cash, correct?
A. No, it did not.
Q. It did not have --
A. Prior to the de-SPACing?
Q. Prior to the de-SPACing.
A. Yes, it did.
Q. The idea was it was going to take that cash and acquire assets. That was the initial idea, right?
A. Yes.
Q. But that idea changed and eventually the deal that was struck with Stillwater and Weston was that shares were going to be exchanged for the assets, right?
A. Correct.

Q. And those shares got issued, right?
A. I'm not sure they ever got issued, but yes.
Q. As reflected here, 123 million, that's in connection with the acquisition of assets, right?
A. Yes.
Q. Those shares got issued and the draft F-1 registration statements, those were with a view to having them become freely tradeable, correct?
A. That was the purpose of the F-1 statement, is to register those shares, yes.
Q. But that didn't happen. And the idea was that at the end of the day you would have a situation where the entities that have given up their assets, Stillwater and Weston, would hold freely tradeable shares, right?
A. No.
Q. At the end of the day, that wasn't the idea?
A. At the end of the day, you mean after the shares were registered?
Q. Correct.
A. I'm not sure the entities would hold the shares or the individuals who made investments in those funds would hold the shares.
Q. Understood. But whoever the property interest in the assets would end up having tradeable shares of an equivalent value, right?

A. Yes.
Q. But again, those shares never became freely tradeable, right?
A. Correct.
Q. Turning back here to the 18th, you have got a little bit of activity, 1100 shares are issued, and that increases the total just a bit.
Then on the 24th you have got 2,000 shares negative, and then it goes up a little bit more on that same date.
Do you see that?
A. Yes, I do.
Q. Directing your attention to the date column, you see how the dates are listed chronologically from early to late?
A. Yes.
Q. So that it begins on May 12, 2010 and goes forward in time, right?
A. Yes, it does.
Q. On the eighth column where it as 5/17/10, do you see that?
A. I do.
Q. There is a notation there in handwriting on the left. It says 5/27/10. Right?
A. Yes.
Q. That notation indicates that the 5/17 date is out of chronological order and appears to be a typo, right?
A. Yes, it does.

Q. And that 5/27 correct date refers to the date when Continental was instructed to issue shares to Shahini, right?
A. Yes.
Q. And moving down the chart, you have got a little bit of activity on the 1st, the 2nd, and the 3rd, and then on the 7th, there is an indication that 5.3 million shares were retired.
Do you see that?
A. Yes, I do.
Q. Directing your attention to the 20-F and 20-F/A, on those dates, the 20-F and 20-F -- strike that.
The 20-F and 20-F/A both indicate that the number of shares outstanding is as of May 24, correct?
A. Yes.
Q. If you or someone in the finance department had contacted Continental on, let's say, the 2nd of June -- let's say the 1st, the day before the 20-F was filed, right, you would have received from Continental information, if you had gotten this document, about the issuance of the 5.3 million shares, correct?
A. Yeah. Continental would have provided that information.
Q. Then you would have had an accurate understanding of the impact of that issuance on the total number of shares outstanding, correct?
A. Yes.
Q. And if someone from the company had checked with

Continental on the 7th of June, right before the 20-F/A was filed, they would have seen 5.333 million shares had been retired, correct?
A. Yes.
Q. Those shares were retired, to be clear, in connection with the settlement with Marshall Manley, right?
A. Yes.
Q. Let me show you what has been marked for identification as Defense Exhibit 1249.
MR. TREMONTE: It is not in evidence.
A. Thank you.
Q. Take a minute to look at that, please.
A. OK.
Q. You see there is actually a top document of about five pages?
A. Yes.
Q. And you see it indicates the author of the document and the date?
A. Yes.
Q. It indicates who the document is going to, correct?
A. Yes.
Q. And then under that top document, there is another very large document.
Do you see that?
A. Yes.

Q. Do you recognize the large document that's up on the screen?
A. Generally, but not specifically. Yes.
Q. You have seen that document before, correct?
A. Yes.
Q. And that document was prepared in connection with the business of the company in the ordinary course?
A. Yes.
Q. Turning back to the cover document.
Do you see that?
A. Yes.
Q. What is that?
A. It's an e-mail.
Q. Who is it from?
A. It's from me.
Q. Dated April 5, correct?
A. Dated Monday, April 5, 2010.
Q. And it refers to that larger document, correct?
A. Yes, it does.
MR. TREMONTE: I move Defense Exhibit 1249 in evidence.
THE COURT: Any objection?
MS. HECTOR: No objection.
THE COURT: Received.
(Defendant's Exhibit 1249 received in evidence)

BY MR. TREMONTE:

Q. All right. So turning to the cover e-mail, you were sending a copy, or you were having a conversation over e-mail with someone named Carolyn D'Alessio, correct?

A. Yes.

Q. Who is Carolyn D'Alessio?

A. She was the finance director for Weston Capital Management.

Q. What was she looking for?

A. It appears as though she was looking for some information about who owned what entities.

Q. And you directed her to a document called the proxy, correct?

A. Yes.

Q. And you in fact attached that document to your e-mail?

A. I did.

Q. And you indicated there at the top, you said, "I always go to EDGAR and look up Gerova."

What are you referring to?

A. The Securities and Exchange has a system where individuals can go and retrieve documents that have been filed with the Securities and Exchange Commission, and it's in a format that's called EDGAR, and when you file a document it's EDGARized, which means --

THE COURT: EDGARized?

THE WITNESS: EDGARized. It's a brand-new SEC term.

A. It makes it easier for individuals to retrieve the actual documents. They are SEC's database.
Q. So if the company prepares a document and submits it to the SEC, it gets EDGARized and then posted on the Web?
A. Correct.
Q. At least if it's a public filing?
A. Correct.
Q. As far as you know, the EDGAR site is accessible to the general public?
A. That's correct.
Q. You don't have to have permission from the SEC to look things up?
A. Correct.
Q. Directing your attention then to the first page of the attached proxy. Do you have an understanding of what a proxy statement is?
A. General understanding, yes.
Q. What is that?
A. It's an informational document that's provided to the shareholders with respect to a decision they have to make regarding the company. And inside the document it is supposed to disclose all of the information that is the shareholder would need to make an intelligent decision with respect to a vote that is going to occur.
Q. Not all company decisions are obviously put to a vote,

correct?
A. Right.
Q. But some bigger ones are put to the shareholders as a whole, correct?
A. Yes.
Q. And when that happens, the company prepares a document like this, right, to assist shareholders in making a decision? Right?
A. Yes. That's my understanding.
Q. And this particular proxy concerned the upcoming shareholder vote as to various acquisitions, right?
A. Yes, it does.
Q. The document is dated January 19, 2010.
Do you see that?
A. I do.
Q. It begins by addressing the shareholders and inviting them to a meeting, correct?
A. Yes.
Q. And it tells the shareholders what they are going to be asked to consider and vote on, right?
A. Yes, it does.
Q. The meeting referred to in this proxy was the shareholder vote on whether or not to acquire the entities Amalphis, Stillwater -- I'm sorry, the assets and entities Amalphis, Stillwater and Weston, correct?

A. Yes, it appears that way.
Q. There was a vote, correct?
A. Yes, there was.
Q. The shareholders voted in favor of acquiring what this document indicates are $650 million worth of assets, right?
A. Yes.
Q. In connection with the de-SPAC, the company ended up having a lot less cash than it started with, correct?
A. Yes, it did.
Q. That's because the company ended up buying a bunch of shares from shareholders who were proposing to vote no, correct?
A. That's correct.
Q. Directing your attention down to page 174 of this document, it's the numbered page that ends in GFG 2287, all the way towards the back.
A. I have it.
Q. Directing your attention down to the bottom where it says "director and executive officer compensation."
Do you see that?
A. Yes.
Q. Do you see that discusses the stock purchase and management agreement with Marshall Manley?
A. It does.
Q. You testified about that last week.

Do you see it says, "Mr. Manley has been assisting us since November 2009 in our negotiations of certain proposed acquisitions described in this proxy statement?"
A. I see that.
Q. That's consistent with your understanding of his role?
A. I don't know when he started assisting the company. I have no personal knowledge of that.
Q. No reason to believe this information is wrong, correct?
A. I have no reason to believe that.
Q. Directing your attention towards the bottom of page where it says "shares eligible for future sales."
Do you see that?
A. Yes.
Q. This is a discussion of precisely what the heading says, correct?
A. Yes.
Q. The first sentence says, "As of today's date, we have 14 million ordinary shares outstanding."
Do you see that?
A. Yes.
Q. That's consistent with what we saw in the Continental document we were just looking at, right?
A. I believe so.
Q. It says, "Of these shares, the 11,500,000 shares sold in our initial public offering."

Do you see that?
A. Yes.
Q. There were certain shares that were sold in the IPO, correct?
A. Yes.
Q. It indicates here that all of those 11,500,000 shares are freely tradeable without restriction.
Do you see that?
A. Yes, I see that.
MR. TREMONTE: You can take down 1259.
May I have a minute, your Honor?
THE COURT: You may.
(Pause)
MR. TREMONTE: Some of my copies are missing, but we still have them electronically.
Can we bring up 810, Defense Exhibit 810, please.
Your Honor, I offer Defense Exhibit 810. It is subject to a stipulation that has not been read.
THE COURT: Any objection?
MS. HECTOR: No objection.
THE COURT: Received.
(Defendant's Exhibit 810 received in evidence)
BY MR. TREMONTE:
Q. Mr. Hlavsa, you see on the screen in front of you, you have got the first page of Defense Exhibit 810?

A. Yes.
Q. The first page is an e-mail at the top from Shant Chalian. That's the lawyer from Hodgson Russ, correct?
A. Yes.
Q. It's dated July 19, 2010.
Do you see that?
A. Yes.
Q. It's addressed to several individuals, including yourself, correct?
A. Yes, it is.
Q. It's cc'd to Weiss and Eric Pinero, who are also lawyers at Hodgson Russ, right?
A. They are.
Q. As you can see from the body of the text of that e-mail, the e-mail is attaching a draft of the F-1 registration statement, correct?
A. Yes, it is.
Q. Again, that's a document, one of the documents you were just testifying about, that's a document that was planned to be filed with the SEC to register certain shares of the company, right?
A. Yes.
Q. All right. I would like to direct your attention to a couple of pages into the first page of the draft, the attached draft.

You see up at the top it says, "As filed with the Securities and Exchange Commission on July, blank, 2010"?

A. Yes.

Q. So it was anticipated that the draft would be filed in July, correct?

A. It appears that way.

Q. Then directing your attention to page 78 of that document. There is a section of this draft called Security Ownership of Certain Beneficial Owners and Management, right?

A. Yes.

Q. We have looked at a couple different versions of this, I think, in the 20-F and the 20-F/A of Gerova from June 2010 correct?

A. Yes.

Q. We also looked at a similar section of a public filing from Fund.com, correct? You testified about the Fund.com document that listed Ymer Shahini as a beneficial owner of certain shares of Fund.com back in 2008?

MS. HECTOR: Objection, your Honor. It misstates the testimony. I think the document --

THE COURT: Why don't you rephrase the question, Mr. Tremonte.

Q. Do you remember testifying about a similar section of a Fund.com public filing from '08?

A. I do recall from last week that was a similar section in a

Fund.com document, yes.
Q. The idea with this section of the draft F-1 is the same, I take it, that there is an obligation on the part of the company to disclose information about shareholdings of officers and directors, correct?
A. Yes.
Q. And also of individuals who have more than 5 percent of the -- who are beneficial owners of more than 5 percent of the company's shares, right?
A. Yes.
Q. Just looking at that page, it doesn't say anything in there about Ymer Shahini, correct?
A. It does not.
Q. Turning to the next page, the footnote continued to run down the bulk of that page.
Do you see that?
A. Yes.
Q. Actually, I don't know if it's a footnote. The numbered notes from the beneficial ownership chart, correct?
A. Those are the notes that explain the numbers on the beneficial ownership chart, yes.
Q. And there is nothing in there about Ymer Shahini, right?
A. That's correct.
Q. Then in the next section, which is titled, Certain Relationships and Related Party Transactions.

Do you see that?
A. I do.
Q. Do you have an understanding what related party transactions are?
A. Generally, yes.
Q. What are they?
A. Those are -- it's a relationship between either two companies or individuals that share some common directors or common ownership or common officers.
Q. I will let you have a look at that.
The bottom part of that page, which is the beginning of that section, and if you turn to the next page, it continues on page 80 of the document.
Do you see that?
A. Not yet.
Yes.
Q. Let me give you a hard copy just to make it easier to scroll.
MR. TREMONTE: Your Honor, I have a tab on that page of the document.
THE COURT: Thank you.
Q. Have a look at that.
My question is, is there anything in there, in that section of this draft F-1 statement, about Ymer Shahini?
A. There is not.

MR. TREMONTE: If you can bring up Defense Exhibit 811, please.

Your Honor, I am going to hand the witness a hard copy, again, with a tab.

THE COURT: Thank you.

MR. TREMONTE: Your Honor, Defense Exhibit 11 is subject to a stipulation.

I offer it in evidence.

MS. HECTOR: No objection. I think it's 811. Mr. Tremonte just said 11.

THE COURT: It's Defendant's 811. Received into evidence.

(Defendant's Exhibit 811 received in evidence)

BY MR. TREMONTE:

Q. Again, you see the first page of the document?

A. I do.

Q. That is, again, one of the lawyers from Hodgson Russ, Shant Chalian, circulating a draft of the F-1?

A. Yes.

Q. That's just a couple of days later on July 27, correct?

A. Eight days later, yes.

Q. Thank you.

Turning then to the first page of the draft F-1.

Directing your attention to the top of the page, it says, "As filed with the Securities and Exchange Commission on

July 30, 2010."

Do you see that?

A. Yes, I do.

Q. It was not filed on July 30, correct?

A. That's correct.

Q. So that was what was anticipated, but it didn't happen, right?

A. Yes.

Q. I am going to direct your attention first to the section of the document dealing with beneficial share ownership.

A. I have it.

(Continued on next page)

BY MR. TREMONTE:

Q. I'm going to ask you to look through the hard copy document. Is there any reference to Shahini in that section?

A. There is not.

Q. If you could take a moment and look at the following section, which I believe as an earlier draft discusses related party transactions. I'm sorry. Certain relationships and related party transactions.

A. Could you repeat the question?

Q. Yes, I can. Directing your attention to the section of the document draft called "Certain relationships and related party transactions", is there any reference to Shahini in there?

A. There is not.

MR. TREMONTE: If we could bring up Government's Exhibit 602 in evidence. Your Honor, I believe there are two versions of this. May I just take one moment?

THE COURT: You may.

(Pause)

MR. TREMONTE: Thank you for your patience.

Could we go to the first page of the document?

Q. Do you see the first page of Defendant's Exhibit 602 on your screen?

A. I do.

Q. There's an indication just under the evidence sticker that it's an internal draft dated January 24th, 2011. Do you see

that?
A. I do.
Q. Again, you have that same indication "as filed with the Securities and Exchange Commission" and the date is left blank, right?
A. Yes.
Q. So this is a subsequent draft to the ones that you just looked at, right?
A. Yes.
Q. Same F-1, it's the same type of filing, correct?
A. Yes.
Q. I'm going to direct your attention to the section of the document that deals with related party transactions. I'm sorry, strike that.
I'd like to direct your attention to the section of the document that deals with beneficial ownership of the company's shares. Do you see that among the beneficial owners listed on this draft is Jason Galanis, correct?
A. Yes, I see that.
Q. And there's a number next to the name Jason Galanis, right?
A. Yes.
Q. That indicates that there's additional information next to number 6, right?
A. Yes.
Q. If we can move forward to that. Have a look at that

section under 6.
A. Can you blow it up, please?
Q. I'm sorry. I don't have a hard copy for you.
A. All right.
Q. Do you see that paragraph references Shahini, correct?
A. Yes, part way through. I haven't finished reading it yet, but I see Shahini's name two-thirds of the way down.
Q. I'm sorry.
(Pause)
A. Okay, I'm finished reading it.
Q. Okay. If we could turn to the next section. You see again, as in the prior drafts, there's a section entitled "Certain relationships and related party transactions", right?
A. Yes.
Q. If you turn to the next page. Directing your attention to the paragraph at the bottom of the page in March, 2010. Do you see that? We'll magnify it for you. Take a moment to read that paragraph, please.
(Pause)
A. I've read it.
Q. Do you see there's a reference in that paragraph, as well, to Shahini?
A. Yes.
Q. That paragraph generally describes a related party transaction with Jason Galanis, correct?

A. Yes, it does.
Q. In connection with that related party transaction, there is an issuance of a warrant to Mr. Galanis, correct?
A. That's what it says.
Q. The terms here suggest that it's essentially the warrant that you testified earlier about when you were testifying about the warrant agreement, correct?
A. Yes.
Q. This paragraph indicates generally, doesn't it, that the warrant was issued in lieu of the payment of a fee owed to Mr. Galanis for facilitating certain transactions, right?
A. Yes.
Q. Those transactions include the Wimbledon Funds and opportunity to acquire Seymour Pierce; is that right?
A. It states that, yes.
Q. You're familiar with the proposed Seymour Pierce transaction, right?
A. Generally, yes.
Q. You're aware that Mr. Galanis did, in fact, facilitate an introduction to Keith Harris, right?
A. I am not.
Q. Let me show you a document to see if it refreshes your recollection.
MR. TREMONTE: Your Honor, I'm going to show the witness what's been marked for identification as Defendant's

Trial Exhibit 1253.

THE COURT: How are you doing on time, Mr. Tremonte?

MR. TREMONTE: I'm coming to the end of my -- a couple more topics, no more huge documents.

THE COURT: Can you give me an estimate on time?

MR. TREMONTE: Half an hour to 40 minutes.

THE COURT: What was the estimate on Friday?

MR. TREMONTE: I was hoping on Friday to get it all done within two hours.

THE COURT: Go ahead.

Q. Mr. Hlavsa, have a look at that document. Please don't read from it, it's not in evidence, just see if it refreshes your recollection that Mr. Galanis made an introduction with Keith Harris.

A. It does.

Q. Back in as early as 2008, isn't it true that Mr. Galanis was presenting information about Mr. Harris and a Seymour Pierce opportunity to Gerova?

A. It appears that way.

Q. I want to direct your attention to Government's Exhibit 520 in evidence. Actually, I can skip over that in the interest of saving some time.

Let me show you Government's Exhibit 554 in evidence. You see 554 up on the screen?

A. I do.

Q. That's a letter from Steve Weiss, who is a lawyer at -- I'm sorry -- it's an email from Steve Weiss, who is a lawyer at Hodgson Russ, correct?
A. Yes.
Q. It is addressed to various individuals at the New York Stock Exchange, correct?
A. Correct.
Q. And it attaches a document. Do you see that, that PDF?
A. Yes, I see the addendum.
Q. Turning to the first page of the attachment, that's an April 23rd letter to the New York Stock Exchange, correct?
A. Yes, it is.
Q. That's a letter that the company sent responding to various questions that the Stock Exchange had about things that were happening to the company, correct?
A. I believe so.
Q. Let me show you what's been marked for identification as Defendant's Exhibit 1254.
MR. TREMONTE: You can show that to the witness, please.
Q. Do you see the document 1254 in front of you?
A. I do.
Q. You see that it's an email, correct?
A. Yes.
Q. Do you see who it's from?

A. Yes.
Q. Do you see that it's to, among others, yourself?
A. Yes.
Q. Do you see the date and what it concerns?
A. I do.
Q. It concerns an earlier version of the document you were just looking at, correct?
A. Yes.

MR. TREMONTE: I offer this in evidence, your Honor.

THE COURT: Any objection?

MS. HECTOR: No objection, your Honor.

THE COURT: It's received.

(Defendant's Exhibit 1254 received in evidence)

THE COURT: We'll take our mid-morning break.

Ladies and gentlemen, please do not discuss the case among yourselves or with anyone. Keep an open mind, there's more to come. See you in a few minutes.

(Recess)

(Continued on next page)

(Jury not present)

THE COURT: I wanted to make sure that parties are aware of document 267 and 268 and 269, which is a motion to quash filed on behalf of Luis Mejia, and if anyone wishes to be heard on that, they should file a response as soon as possible.

MR. TREMONTE: Your Honor, the document has come into evidence, the letter that Mr. Mejia prepared, so I think we're going to withdraw our subpoena.

THE WITNESS: May I mark this as subpoena withdrawn, motion moot?

MR. TREMONTE: Yes, your Honor.

THE COURT: That's what I'll do. Thank you.

Bring our jury in, please.

(Continued on next page)

(Jury present)

THE COURT: Mr. Tremonte, you may continue.

MR. TREMONTE: Thank you, your Honor.

If you could bring the exhibit back up, please.

BY MR. TREMONTE:

Q. Mr. Hlavsa, do you see Defendant's Exhibit 1254 in evidence on the screen in front of you?

A. I do.

Q. You see this is an email from Steve Weiss at Hodgson Russ to several people, including yourself and Gary Hirst, correct?

A. Yes.

Q. The subject of the email is a scan from a Xerox Work Center. Do you see that?

A. Yes.

Q. That indicates that Steve Weiss is forwarding around something that's been scanned, right?

A. Correct.

Q. It says, "Attached is a PDF version of the proposed submission by Gerova to the NYSE Amex," right?

A. Yes.

Q. Let's turn to the attached. That's a draft of the letter that you just saw in file form, correct, to the New York Stock Exchange?

A. I believe so. I don't know. It doesn't say "draft" on it.

Q. But the fact that Steve Weiss is sending it around the day

before and calls it a proposed submission suggests that it's the earlier version of the document that he's sent around later, correct?
A. Yes.
Q. Turn to the last page, the signature page. See there's a signature line for Gary Hirst, correct?
A. Yes.
Q. And there's a signature above it?
A. Yes.
Q. That appears to be an electronic signature, correct?
A. I would agree that that would be an electronic signature, yes.
Q. Isn't it true that Mr. Hirst specifically told you and the other recipients of this email that that wasn't his signature and he had not approved that document?
A. I do not recall that.
Q. Let me show you what's marked for identification as Defendant's Exhibit 809.
A. Thank you.
Q. Have you had a chance to read it? Don't read from it.
THE COURT: When Mr. Tremonte says that, what he means is don't read it aloud. You're not objecting to his looking at the words.
MR. TREMONTE: No. To the contrary, your Honor, I'm urging him to read this.

THE COURT: All right.

(Pause)

A. I read it.

Q. Does that refresh your recollection that Mr. Hirst specifically told you and others that he had not signed the document and he had not approved it?

A. Well, I don't recall seeing this email. It certainly indicates --

MS. HECTOR: Objection.

THE COURT: Sir, Mr. Hlavsa, remember what we said about documents for refreshing your recollection? You look at the document, you read it, you turn it face over then, and you think to yourself, do I have a new and refreshed recollection? If you do, you should tell the jury. If you don't, you don't.

So the example I gave is, you know, 1986, the Mets won the World Series. If somebody asked you do you recall the date they won, and you said you didn't, and they gave you the Daily News for the next morning, it looks like the Daily News, but the question of whether or not seeing that front page headline from the Daily News with the date on it refreshes your recollection of the date it occurred is a different story. You might look at it, you might say, well, that's interesting. It looks like a real copy of the Daily News, or you may look at it and you may say, you know, that was my nephew's birthday. I remember that now. Now that I see it, it brings it back. We were having birthday cake for his birthday, and the Mets won Game 7, they won the World Series. So that's what it's about.

The document is not in evidence. All right? And the question you're being asked is, looking at it, does it refresh your recollection? Do you understand?

THE WITNESS: I understand.

THE COURT: Okay, thank you. That's what we meant -- remember a second ago when Mr. Tremonte said, "Don't read from the document," and then I said, "Don't read aloud from the document." The document is not in evidence. Understood?

THE WITNESS: I understand.

THE COURT: Okay.

A. Can you repeat the question?

Q. Yes, I can. Does looking at that document refresh your recollection that Mr. Hirst specifically told you and the other recipients of this email that he had neither signed nor approved that document?

A. It does not.

Q. Thank you.

MR. TREMONTE: No further questions, your Honor.

THE COURT: You may redirect.

REDIRECT EXAMINATION

BY MS. HECTOR:

Q. Good afternoon, Mr. Hlavsa.

A. Good afternoon.

Q. Mr. Hlavsa, I'm asking you to recall during Mr. Tremonte's cross examination last week, do you recall being asked a question about whether you had any concerns regarding your qualifications to serve as the CFO of Gerova? Do you recall that?
A. I do.
Q. Mr. Hlavsa, you responded to that question that you did have some concerns, correct?
A. Yes.
Q. Isn't it true that your concerns were related to the fact that you didn't have prior experience in the insurance industry? Is that accurate?
A. Yes, it is.
Q. Did you have any doubt as to your qualifications or competence to understand the financials of a public company?
A. No.
Q. Did you have any doubt as to your competence or qualifications to handle financial reporting obligations for a public company?
A. No.
Q. In fact, isn't that what you've been doing for the majority of your professional career?
A. Yes.
MS. HECTOR: Ms. Sheinwald, could we pull up Government's Exhibit 250?

Q. Mr. Hlavsa, I'm bringing you back to the consulting agreement that we discussed during your direct, and also during your cross examination. I want to turn you back to the meeting at Hodgson Russ' offices in June, 2010 when you first received this document from Mr. Weiss. Do you recall testifying about that?

A. Yes.

Q. You testified that after receiving this document, you telephoned Mr. Gary Hirst. Do you recall that?

A. Yes.

Q. You testified that you asked Mr. Hirst whether, in fact, this document was legitimate. Do you recall that?

A. Yes.

Q. I also asked you at that time whether you recall asking Mr. Hirst whether Mr. Shahini had actually performed the services described. Do you recall me asking you that?

A. Yes.

Q. I believe that during your direct testimony you said that you couldn't recall at that time. Do you recall that?

MR. TREMONTE: Objection, your Honor. All asked and answered.

THE COURT: I'll allow it. Redirect. You have to point the witness to where you're headed. Go ahead.

Q. Do you recall, Mr. Hlavsa, that you said you couldn't recall at the time you were testifying whether you had asked

Mr. Hirst if Mr. Shahini had, in fact, provided those services?
A. Yes.
Q. Do you recall testifying at a deposition before the SEC related to these matters?
A. I do.
Q. Do you recall that was back in the Summer of 2015?
MR. TREMONTE: Objection, your Honor.
THE COURT: Overruled.
Q. Do you recall that that was back in the Summer of 2015?
A. Yes.
MS. HECTOR: May I approach, your Honor?
THE COURT: You may.
MS. HECTOR: I'm just handing the witness what's marked as 35081.
Q. Mr. Hlavsa, I'd like to turn your attention, if you could, looking at that document, to page 77, and if you could just read to yourself lines 6 through 15.
A. I have.
Q. Putting that document down, does that refresh your recollection as to whether Mr. Hirst told you that Mr. Shahini had, in fact, performed those services?
A. It does.
Q. And what is your refreshed recollection?
A. That he had, in fact, indicated to me that Ymer Shahini had performed those services.

MS. HECTOR: Ms. Sheinwald, could we call up Government's Exhibit 609?
Q. Mr. Hlavsa, if you could just turn your attention to this document. When is this email dated?
A. August 4th, 2010.
Q. And it's from you to whom?
A. Joe Bianco.
Q. What is the subject line?
A. "Weston Consulting Agreement".
Q. So this email is dated prior to September, 2010 when you testified that you had first become aware of the Shahini warrant agreement, correct?
A. Yes.
Q. If you see, you mentioned to Mr. Bianco, "I recall that it was trying to be settled for stock but not sure if it ever was." Do you see that?
A. Yes.
Q. In your mind, is there a difference between the phrase "settled for stock" and a warrant agreement?
A. Yes.
Q. What is the difference, in your mind?
A. A warrant is a right to buy a share of stock at a certain price for a certain period of time. Stock is actually the issuance of shares at that time.
Q. Do you recall that the warrant agreement that we've been

discussing in this case, Government's Exhibit 251, is dated March 29th, 2010? The warrant agreement that we've been discussing in this case, do you recall that that's dated March 29th, 2010?
A. Yes.
Q. Does the date on that warrant agreement at least suggest that it was entered into before the date of this email?
A. Yes.
MS. HECTOR: Now can we call up Government's Exhibit 251, the warrant agreement?
Q. Mr. Hlavsa, we spent some time on this agreement during your direct examination. Do you recall that?
A. Yes.
Q. Mr. Tremonte asked you some questions about this document during cross examination. Do you recall that?
A. Yes.
Q. In particular, Mr. Tremonte asked you questions about the valuation of warrants that could be traded on a public exchange. Do you remember that?
A. Yes.
Q. He asked you about a valuation methodology called, I believe it was Black-Scholes. Do you recall that?
A. Yes.
Q. To be clear, the warrants that are provided to Mr. Shahini under the terms of this agreement, were they freely tradeable

on an exchange?
A. They were not.
Q. Could Mr. Shahini go out and sell those warrants on the Amex as a result of this agreement?
A. No.
Q. In fact, Mr. Shahini, under the terms of this agreement, is not given publicly traded warrants, correct?
A. That's correct.
Q. Now, you testified that you undertook a valuation of these warrants from an accounting perspective, correct?
A. Yes.
MS. HECTOR: That was, I believe, Government's Exhibit 245B, if we could pull that up for a moment.
Q. Is this part of that calculation that you had undertaken as a result of becoming apprised of the warrant agreement in September of 2010?
A. Yes.
MS. HECTOR: If we could turn to page 2 of that document.
Q. What was your conclusion of how the warrant agreement needed to be valued on Gerova's books and records?
MR. TREMONTE: Objection. Repeats his direct testimony.
THE COURT: I'll allow it.
A. Gerova's books and records needed an additional $752,000 in

expense to properly record the transaction.

Q. So fair to say that, in your opinion, having looked at the warrant agreement, there was an extra, approximately, $750,000 cost that needed to be attributed to the books and records as a result of the warrant agreement, correct?

MR. TREMONTE: Objection.

THE COURT: Overruled. Do you understand the question?

THE WITNESS: Yes.

THE COURT: You may answer.

THE WITNESS: Can you repeat the question, please?

Q. I'm sorry. As a result of your calculation of the cost of the warrant agreement, from an accounting perspective, you concluded that the cost was an additional, approximately, $750,000 over the $2.28 million that was the value of the consulting agreement itself, correct?

A. Yes.

Q. Turning back to Government's Exhibit 251, if we could for a moment. If you recall, Mr. Tremonte asked you a series of questions regarding the value of this agreement as of March 29th, 2010, correct?

A. Yes.

Q. I believe that during those questions, Mr. Tremonte suggested that the value was essentially zero. Do you recall that?

MR. TREMONTE: Objection.

THE COURT: Rephrase that, please.

Q. Mr. Tremonte asked you a series of questions about the value of the warrant agreement as of March 29th, 2010, correct?

A. Yes.

Q. During that questioning, Mr. Tremonte suggested that the value was zero, correct?

MR. TREMONTE: Same objection, your Honor.

THE COURT: Overruled.

Ladies and gentlemen, it's your recollection that controls. If there's any variance between a witness's recollection or a recollection expressed in a question and what you recall the testimony to be, it's your recollection of the testimony that controls.

Go ahead.

A. Okay. My recollection is that he stated that the value of the warrants could be zero, or they could be another value, depending on the stock price.

Q. So a warrant, in general, is the right to purchase stock at some future point, correct?

A. Yes.

Q. So the holder of the warrant is hoping or betting that the stock is going to go up, right?

A. Yes.

Q. Mr. Tremonte asked you questions about the value of

Gerova's stock price as of March 29th, 2010. Do you remember that?
A. Yes.
MS. HECTOR: If we could pull up Government's Exhibit 900 for a moment, page 6. If we could look at March 29th, 2010 at the top of this page.
Q. What does this document state is the value of Gerova stock on that day?
A. $5.76.
Q. Let's look down at what the stock price was valued by May 27th, 2010, a little bit later that year, couple months later. What is the value on May 27th?
A. $13.56.
Q. Is it fair to say there's a large increase in the stock price between March 29th, 2010 and May 27th, 2010, right?
A. Yes.
MS. HECTOR: Let's turn back to Government's Exhibit 251 for a moment.
Q. If, for instance, this agreement wasn't entered into on March 29th, but on May 27th, the value of the warrants at that time would actually be extremely high, correct?
MR. TREMONTE: Objection, speculation.
THE COURT: Do you understand the question?
THE WITNESS: Yes.
THE COURT: You may answer it.

THE WITNESS: Yes.

Q. On May 27th, and if you could just bear with my math, 5,333,333 shares of Gerova stock would be worth over $70 million, correct?

A. I think I testified it was $65 million.

Q. Okay. And that was your estimate of the math at that time on the stand, correct?

A. Correct.

MS. HECTOR: If could we pull up Defendant's Exhibit 114, Ms. Sheinwald?

Q. Mr. Hlavsa, during your cross examination, you were asked some questions about this document. Do you recall that?

A. Yes.

Q. Let's look at the second page of this document. Do you see the paragraph up towards the top of the screen that starts "as previously disclosed" all the way down through C? Do you see that?

A. I do.

Q. This document references Gerova's January 16th, 2008 warrant agreement. Do you see that?

A. Yes.

Q. The warrant covered by that January 16th, 2008 agreement, are those publicly trading warrants?

A. Yes, those would be the warrants that are publicly traded.

Q. That warrant agreement, the January 16th, 2008 warrant

agreement, that is different from the warrant agreement we were just discussing, the private warrant agreement with Mr. Shahini, correct?
A. Yes, it is.
Q. Looking down, it looks like there's a change to the strike price on the January 16th, 2008 warrant. Do you see that?
A. Yes, I do.
Q. But does that change to the strike price have any affect whatsoever on the strike price in Mr. Shahini's private warrant agreement?
A. In my opinion, I don't think so.
MS. HECTOR: Could we look at Defendant's Exhibit 800?
Q. Mr. Hlavsa, do you recall during cross examination that you were asked some questions about this document?
A. Yes, I do.
Q. This is a Form 8-K for a separate company, not Gerova, right?
A. Yes.
Q. A company called Fund.com, right?
A. Yes.
Q. When did you become the CFO of Fund.com?
A. As I previously testified, I agreed to be the CFO in November of 2007, but actually took the position on March 1st, 2008.
Q. So you didn't actually start performing that role until

March, 2008?
A. Correct.
Q. Did you draft this document?
A. I did not.
Q. Do you have any recollection of having reviewed this document prior to preparing for your testimony in this trial?
A. I do not.
MS. HECTOR: If we could turn to page 30 of this document. Thank you.
Q. Whose signature is on this document?
A. A gentleman by the name of Daniel Klaus.
Q. That's not your signature, is it?
A. Correct, it's not.
Q. When is this document dated?
A. January 17th, 2008.
Q. Mr. Hlavsa, do you know of someone named Monet Berger?
A. I do.
Q. Who is she?
A. Jason Galanis' wife.
MR. TREMONTE: Objection, relevance.
THE COURT: Sustained. Stricken.
Q. Mr. Hlavsa, do you still have Defendant's Exhibit 1249 up at the witness stand with you? This is a document that we just received today so it's not in my system.
A. I do.

Q. Do you recall during the cross examination just a little earlier this morning you were asked some questions about this document?

A. I do.

MS. HECTOR: Your Honor, may I pull out the ELMO and try to put this on the ELMO, since we just received it?

THE COURT: You may.

MS. HECTOR: Your Honor, may I approach? Because I wrote on the document that I was handed, so I'd like to use the witness' version.

THE COURT: You may.

Q. Mr. Hlavsa, there's an extra copy here, too, so I can hand it to you if you have trouble reading it on the ELMO. Let me see if I can make this work.

Just looking at the cover email here, this is the document you were asked some questions about Edgar by Mr. Tremonte. Do you remember that?

A. Yes.

Q. Attached to this cover email is a proxy statement, correct?

A. Yes.

Q. Mr. Tremonte showed you a specific page in this proxy statement that I think is page 181. I'm just going to put that on the ELMO and focus your attention down here on the last paragraph of page 181. I just want to point your attention to the second sentence there after, "As of the date hereof, we have 14 million ordinary shares outstanding," and Mr. Tremonte asked you then to read the next sentence. "Of these shares, the 11,500,000 shares sold in your initial public offering are freely tradeable without restriction," and Mr. Tremonte stopped there. Do you recall that?

A. Yes, I do.

Q. But isn't it a fact that the rest of that sentence offers an exception to that, and it says, "Without restriction on further registration under the Securities Act, except for any shares held by any of our affiliates within the meaning of Rule 144 of the Securities Act." Do you see that?

A. I do.

Q. It is certainly not the case that all 11,500,000 shares are freely tradeable without restriction, correct?

MR. TREMONTE: Objection, your Honor.

THE COURT: Basis?

MR. TREMONTE: Ms. Hector is drawing a conclusion that can't be drawn from the sentence she just read.

THE COURT: I think it's a question. Let's hear the answer.

Q. So it is not the case is it --

MS. HECTOR: I'm sorry. Shall I repeat?

THE COURT: Yes.

Q. So it is not the case, is it, that all 11,500,000 shares here are necessarily freely tradeable without restriction, is it?

MR. TREMONTE: Same objection.

THE COURT: Overruled.

THE WITNESS: It appears not.

MS. HECTOR: Ms. Sheinwald, could you pull up Defendant's Exhibit 307?

Q. Mr. Hlavsa, can you read aloud the first three sentences of this letter?

A. "There are currently 7,906,456 ordinary shares of Gerova Financial Group, Ltd. that are being held by you in the account entitled "Deliveries (forward contracts)". This letter instructs and authorizes you to transfer an aggregate of 6,891,000 of those shares to the entities and in the denominations indicated on Schedule I annexed hereto. These previously issued shares were previously registered, but should now be transferred as "restricted shares"."

MS. HECTOR: If we can minimize that call-out for a moment.

Q. Who is this letter to?

A. Continental Stock Transfer & Trust Company.

Q. Does it appear from the section you just read that this letter is instructing -- does this letter state, from the first paragraph that you just read, that this letter is authorizing the transfer of certain shares that are currently already held in an account by Continental to certain entities in an attached

schedule? Is that fair?
A. Yes, I believe that's fair.
MR. TREMONTE: Objection, form.
THE WITNESS: Sorry.
THE COURT: Speak up. I heard the word "objection". That's all I heard.
MR. TREMONTE: I'm sorry, your Honor. Objection, form.
THE COURT: Rephrase it.
MS. HECTOR: Okay.
Q. Mr. Hlavsa, do you recall during cross examination that Mr. Tremonte, when asking questions about this document, referred to it as authorizing an issuance of stock?
MR. TREMONTE: Objection.
THE COURT: Overruled.
THE WITNESS: I believe so, yes.
MS. HECTOR: I'll move on since we just read the section.
Q. In fact, does the first paragraph of this letter actually authorize a transfer of stock?
A. It does.
Q. Turning to the second to last paragraph of this letter, who are the shares supposed to be sent to?
A. "Ship all certificates by FedEx to Dr. Gary T. Hirst, President of Gerova Management, at 1515 International Parkway,

Lake Mary."
Q. So these shares aren't being sent to you, are they?
A. No.
MS. HECTOR: If we could remove that call-out for a second.
Q. There's a phone number. This letter suggests that if there's any questions, the recipient, Continental, should call a certain number. Do you see that?
A. Yes.
Q. That's not your phone number, is it?
A. It is not.
Q. Do you know whose phone number that is?
A. I do not.
Q. Now, turning to the second page of this document, do you see that there is an indication for shares that are being sent to Marseille Capital?
A. I do see the indication with respect to Marseille Capital and the address.
Q. Okay. And Marseille Capital, that's the entity that you understood to be affiliated with Mr. Manley?
A. Yes.
Q. So fair to say that this document suggests that the shares issued to Marseilles Capital are not newly issued shares, are they?
A. Correct.

MS. HECTOR: Could we pull up Government's Exhibit 216? Could we focus on page 4 of that document? Actually, could we just go back a page first?
Q. This exhibit indicates that it concerns resolutions adopted on meetings held when?
A. April 7th and April 8th.
Q. So is this referring to the board meetings that occurred on April 7th and April 8th, 2010?
A. Yes.
Q. Is that the board meetings that were held in the Bahamas that you testified about when Mr. Manley was fired?
A. Yes.
Q. Do you recall Mr. Tremonte asking you questions about whether there was anything in these resolutions indicating a ratification of the shares that were transferred to Mr. Manley? Correct? Do you remember that?
A. Yes, I do.
MS. HECTOR: Could you now turn to page 4 of this document? Could we focus on the section that starts "resolved that the separation agreement and release"?
Q. In this resolution, does it indicate that a separation agreement has been negotiated as well as a share repurchase agreement between Marseilles Capital and Mr. Manley and the company?
A. Yes, it does.

Q. Is it true that, in connection with this firing, the repurchase of those shares that had been transferred to him were resolved and presented to the board at this meeting?
A. Yes.
Q. And approved by the board in connection with this meeting?
A. Yes.
Q. Do you recall that this was the first Gerova board meeting that occurred after the de-SPACing transactions?
A. I do not.
MS. HECTOR: We can take that down.
Q. On cross examination, Mr. Tremonte asked you some questions regarding whether Mr. Bianco or you had ever given instructions to Continental. Do you recall those series of questions?
A. I do.
Q. I believe Mr. Tremonte showed you some documents to refresh your recollection as to that fact. Do you recall that?
A. Yes.
Q. Do you recall if the instructions that you and Mr. Bianco had given concerned an entity called Net Five Holdings?
A. I don't specifically recall.
MS. HECTOR: May I approach to refresh?
THE COURT: You may.
Q. Mr. Hlavsa, I'm handing you what we've marked for identification as 1246 and 1247, if you could just take a moment to look at those documents.

A. I see them.
Q. Now, after you've had a chance to look at those, if you could just look up back at me and I can ask you questions. Thank you.
Do you now recall that the instructions that had been provided to Continental regarding -- from you and/or Mr. Bianco, concerned an entity called Net Five Holdings?
A. I do.
MS. HECTOR: Could we pull up Government's Exhibit 222?
Q. Mr. Hlavsa, do you recognize this document?
A. I do.
Q. What is this document, generally?
A. These are minutes of a board of directors meeting that was held on October 6th, 2010.
Q. Can I turn your attention to the section marked "Net Five discussion" in the middle of the page? Could you read the first two lines of that discussion point?
THE COURT: I think the jurors have it up on the screen and they can read it to themselves.
MS. HECTOR: Okay.
Q. Do you recall that the board discussed and approved of loans to an entity called Net Five by providing collateral in the form of Gerova stock?
A. Yes.

Q. So that was an item that was discussed at that board meeting on October, 2010?
A. Yes.
MS. HECTOR: Could we pull up Government's Exhibit 225?
Q. What is this document?
A. This document is minutes of a board of directors meeting that was held on November 8th, 2010.
MS. HECTOR: Can we turn to page 3 of this document?
Q. If you could just take a moment to look at it. Does this page also consider Net Five?
A. Yes, it does.
Q. Does this document indicate that a transaction involving Net Five was presented to the board on that day and the board approved certain resolutions with respect to that issue?
A. Yes, it does.
Q. If you look down, Section C under "resolved", did the board of directors and officers of the company authorize instructions to Continental Stock Transfer Company regarding the issuance of shares to Net Five?
A. Yes, it did.
MS. HECTOR: Could we turn to Government's Exhibit 226, please?
Q. What is this document?
A. Minutes of the board of directors meeting that was held on

December 21st, 2010.

MS. HECTOR: Could we turn to the second page?

Q. In the center of the page, do you see a discussion entitled "Net Five stock pledges"?

A. I do.

Q. Once again, do we see that the issue of stock provided to Net Five is once again discussed at this board of directors meeting?

A. I do.

(Continued on next page)

BY MS. HECTOR:
Q. Do we see that the board has now, as a result of that discussion, resolved to approve certain stock pledge agreements that were circulated to the board for approval?
A. Yes.
MS. HECTOR: We can take that down.
Can we pull up Defense Exhibit 323.
Q. Now, Mr. Hlavsa, do you recall being shown this e-mail during your cross-examination?
A. Yes, I do.
Q. Just turning to the bottom. Remind us, who was Vivina Mendez?
A. She was our contact at one time with Continental Stock Transfer.
Q. What generally is she providing here at the bottom of this e-mail?
A. She is providing just a summary of the issued and outstanding common shares of Gerova.
MS. HECTOR: Now, if we can turn to the top of this e-mail.
Q. In this e-mail, you're requesting what you're referring to as a shareholder listing for each month in 2010. Do you recall that?
A. Yes, I do.
Q. And Mr. Tremonte was asking you questions about the fact

that you had requested this monthly shareholder list, right?
A. Yes.
Q. What kind of information is included on a monthly shareholder listing?
A. It really depends on what type of report you're requesting.
MS. HECTOR: One second, your Honor.
Ms. Sheinwald, could we pull up for identification just for the witness Defense Exhibit 327.
Q. Do you recognize this document, Mr. Hlavsa?
A. I do.
Q. Is this an e-mail you sent in the regular course of your regularly conducted business at Gerova?
A. It is.
MS. HECTOR: The government offers Defense Exhibit 327.
MR. TREMONTE: No objection, your Honor.
THE COURT: Received.
(Defendant's Exhibit 327 received in evidence)
MS. HECTOR: Now, if we can now pull that up for the jurors.
Q. So, Mr. Hlavsa, if we can just look at this for a moment.
Who is this e-mail from and to?
A. It is from me to two individuals at Continental, Alexandra and Vivina.
Q. What is the date on the e-mail?

A. July 22, 2010.
Q. You see it says, "Attached is the June 30, 2010 shareholders report." Do you see that?
A. Yes.
Q. Now, if we could look at the next page of this document.
MS. HECTOR: Ms. Sheinwald, is there any way to pull up this page and the next page next to each other, because it is an Excel spreadsheet and it really needs to be read across.
Q. Now, Mr. Hlavsa, is this one example of a monthly shareholder listing?
A. It is.
Q. What kinds of information is included on this listing?
A. These are shareholders that Continental Stock would know their specific information about them.
Q. So we have names all the way on the left side. Is that the name of various shareholders?
A. Yes.
Q. Then we have some addresses provided.
Then we have something called "issue." What does that mean?
A. It's the type of shares that are issued. C-O-M means common.
Q. Then the last column is what?
A. The number of shares that that person in the first column, the name would hold at that period of time.

Q. Now, we see in row 11, there is something called Cede & Company. What is Cede & Company?
A. Those are the shares that are held in street name; they are in electronic form.
Q. What does it mean shares that are held in street name?
A. There's an opportunity with shareholders that you hold your shares in electronic form so they can be traded more easily than with a paper certificate, which requires signing on the back of the certificate and a submittal to the stock transfer agent in order to trade those shares. The world has changed to be in electronic form where they can be exchanged almost instantaneously between parties.
Q. So the stock that is held in this name of Cede & Company, that's electronic shares, not these paper shares that are harder to transfer, as you described, correct?
A. Yes.
Q. Are the shares that are held in Cede & Company, are they free-trading shares or restricted shares?
A. It would be freely tradeable shares.
Q. Is Cede & Company a person or an entity that owns all of those shares?
A. I think it's just an entity that accounts for the transactions of those shares, in my understanding.
Q. So is it multiple shareholders that are encompassed within this Cede number?

A. Yes.
Q. Now, if a person such as myself or any member of the public owned shares of Gerova in a brokerage account, free-trading shares, would those shares be encompassed in that Cede number?
A. Yes. If they were able to be electronically traded, yes, the brokerage account would have electronic shares, they would be included in that number for your individual broker, yes.
Q. If a person has free-trading shares in electronic form in a brokerage account, their name is not going to show up on this list, instead it's embedded within the Cede number, is that accurate?
A. That's correct.
Q. So if the free-trading shares that were issued to Ymer Shahini were placed into a brokerage account, would the name Ymer Shahini appear on this shareholder list?
MR. TREMONTE: Objection, your Honor.
THE COURT: You understand the question, correct?
THE WITNESS: I do.
THE COURT: You may answer it, if you know.
A. Yes, they would show up in the Cede & Company number.
Q. They would show up in that number?
A. Correct.
Q. As opposed to a line item for Ymer Shahini?
MR. TREMONTE: Objection, your Honor.
May we approach on this matter?

THE COURT: No. Next question. I will give you some latitude if you want to do some recross.

Go ahead.

Q. Those shares would appear on this list within this number of shares across from the row Cede & Company, but not as a separate line item for Ymer Shahini, is that accurate?

A. Yes, it is.

Q. Now, in your role as CFO, is that a number that you would focus on when receiving a shareholder report like this, the number held in Cede?

A. I did not.

Q. Why not?

A. It wasn't part of my responsibility to understand the trading of the shares and how much were in the free trading and the stock price; it just wasn't anything that I either concentrated on, nor was it necessary in my position.

Q. Now, is this sort of monthly shareholder list different from the transactional shareholder list that we discussed during your direct testimony?

A. Yes, it is.

MS. HECTOR: So if we could just pull up Government Exhibit 508 for a second.

Q. So looking at 508, is this a different kind of list that Continental can provide to you?

A. Yes, it is.

Q. Now, this list doesn't show the shareholders' names, this shows the issuance by date, correct?
A. Yes. The increases and decreases in the shares that are issued.
Q. This kind of list, the transactional list, is the kind of list that you hold and received in September 2010 when you discovered the shares, the over 5 million shares that had been issued to Ymer Shahini, correct?
A. It is.
MS. HECTOR: Can we pull up Government Exhibit 579.
Q. Mr. Hlavsa, do you recall being shown this exhibit during cross-examination?
A. I do.
Q. Now, Mr. Tremonte asked you to look at the subject line of this e-mail, New York Stock Exchange information letter request. Do you remember that?
A. Yes.
Q. To be clear, are you one of the recipients on this e-mail?
A. I am not.
MS. HECTOR: Can we turn to Defense Exhibit 200.
I'm sorry. That's the wrong document.
Defense Exhibit 200. Perfect. Thank you.
Q. Do you recall Mr. Tremonte showing you this exhibit during your cross-examination?
A. Yes, I do.

Q. Who is this e-mail from?
A. I do not know.
Q. What is the name?
A. There is no name. Well, I guess the e-mail is the name, bigshmulic.
Q. Who is it to?
A. Joe Bianco.
Q. When is it dated?
A. January 24, 2011.
Q. Are you either the sender or the recipient of this e-mail?
A. I am not.
Q. Prior to testifying last week, had you ever seen this e-mail?
A. I had not.
Q. Turning to page 11 of that document.
Now, Mr. Tremonte directed your attention to this paragraph that starts "in March 2010."
Do you see that?
A. Yes.
Q. Now, this document, and specifically this paragraph, suggests that the warrant that is being discussed here was issued in payment of a fee the company agreed to pay Mr. Galanis for facilitating the acquisition of the Wimbledon assets and the introduction of Keith R. Harris and the opportunity to acquire Seymour Pierce.

Do you see that?

A. I do.

MS. HECTOR: Can we just go back to that document for a second.

Q. And in the second paragraph there, this document states that Mr. Galanis requested that the warrant be issued to an unnamed business associate of Mr. Galanis.

Do you see that?

A. I do.

Q. And it further states that that unnamed associate is a partner in an unrelated entity formed by Mr. Galanis and the associate to engage in investments in natural resources unrelated to the company.

Do you see that?

MR. TREMONTE: Objection to form, your Honor.

Q. Do you see that?

A. I do.

Q. Do you have any independent knowledge whether Mr. Galanis in fact formed an unrelated entity with someone to engage in investments in natural resources?

A. I do not.

Q. Do you have any independent knowledge about whether that entity, if it exists, had any involvement with a company called White Energy?

A. I do not.

MS. HECTOR: Can we pull up Government Exhibit 250 again for a moment.

Q. This is the consulting agreement that we have spent some time on.

Do you see any mention in this document about an introduction of Keith Harris?

A. I do not.

Q. Do you see any mention in this document about Seymour Pierce?

A. I do not.

Q. Do you see any mention in this document about Jason Galanis?

A. I do not.

Q. Any mention in this document about an entity formed by Jason Galanis and another individual?

A. I do not.

MS. HECTOR: Can we turn to Defense Exhibit 201.

Q. Do you recall that Mr. Tremonte also showed you this document?

A. I do.

Q. Now, prior to testifying last week, do you recall ever having seen this specific document?

A. I do not.

MS. HECTOR: Now, could we turn to page 10 of this?

Q. Do you see at the bottom of this page the notation where someone has written in, "How does this respond to their question? Why is this here?"

Do you see that?

A. I do.

Q. Do you have any idea who wrote that in this document?

A. I do not.

Q. Turning to Defense Exhibit 203.

Now, who is this e-mail from and to?

A. This e-mail is from Stephen Weiss with Hodgson Russ to Joe Bianco, myself and Gary Hirst. It cc's Jason Galanis, Lucas Mann, Shant Chalian, Eric Pinero.

Q. You are listed on this e-mail?

A. I am.

Q. What is the date of this e-mail?

A. January 26, 2011.

Q. Now, can you look at the attachment. Let's look at the first page of this attachment.

Now, I know you haven't had an opportunity to compare this line for line with the documents we have just been looking at, but does this appear to be at least some draft of the documents that we have previously just been looking at?

A. Yes, it does.

Q. Did you draft this letter, Mr. Hlavsa?

A. I did not.

Q. Now, let's turn to page 11 of this document.

MS. HECTOR: I'm sorry. It's page 11 of the letter and page 12 of this document.

Q. Now, let's look at item number 7.

This item asks someone to provide detailed historical financial information for fiscal year 2010.

Do you see that?

A. I do.

Q. Do you see that there is a bracketed section, "Mr. Hlavsa to respond."

Do you see that?

A. Yes.

Q. If we could just jump back to the document without the call out.

Do you see there's other portions of this document, specifically under item number 8 and item 9, where there is bracketed sections asking you and others to potentially provide information or input.

Do you see that?

A. Yes, I do.

MS. HECTOR: If we can just go back for a second.

If we could go one page back in this document.

Q. So here at the top of this page we see item number 6, right, "Provide the detail of any related party transactions not already included."

Do you see that?

A. I do.
Q. Do you see any notation under that item for you to provide input there?
A. I do not.
Q. Just so that we can be assured that we are looking at the entirety of item number 6, can we turn to the next page of this document, where item 6 continues.
Do you see any indication in the remainder of this section, item number 6, asking for your input?
A. I do not.
Q. Is this the item where this paragraph that we have been focusing on starting "in March 2010" appears?
A. Yes, it does, the last paragraph.
Q. Do you recall, when you received this e-mail with this attachment, whether you focused on the sections of this letter that you were not being directed to provide input in?
A. I do not recall.
MS. HECTOR: Can we pull up Defense Exhibit 209?
Q. Just take a moment to look at this, yet another version of this letter.
Do you recall being asked about this version during your cross-examination?
A. Yes.
Q. And this is the version, if you recall, that there are places within this document where there is track changes with

your initials. Do you recall that?
A. Yes, I do.
Q. Now, let's turn to page 11 of this document.
Actually, why don't we start on page 10.
So here we are again in item number 6, the item we have been focusing on. Do you see any track changes comments by you in this section?
A. No, I do not.
Q. And turning to the next page, the continuation of item 6, do you see any track changes by you in the continuation of that section?
A. No.
Q. Is that the section that again has that paragraph that begins "in March 2010"?
A. Yes, it does.
Q. Let's now turn to the last page of this document.
Let's turn to Government Exhibit 589, if we can.
Now, does this appear to be the version of the letter that actually gets sent to the New York Stock Exchange?
A. Yes, it does.
Q. If we can look at the last page of this document.
Whose signature appears on the last page of this document?
A. Gary Hirst.
Q. Now, if we can look up at page 11 of this document.

Focusing on that paragraph that starts "in March 2010." Do you see there is some additional language in this document regarding, at the end of this paragraph, what Mr. Galanis has advised that he has done with these warrants? Do you see that?

Starting a little above that, where it says, Mr. Galanis advises that he transferred the warrants to a limited partnership, that section. Do you see that section of this document?

A. I do.

Q. And now it adds some additional detail about that transfer and it says, now it's in connection with a capital contribution to the partnership, in consideration of a settlement agreement with the general partner.

Do you see that additional language?

A. I do.

Q. It says, also, Mr. Galanis advises he was never a general partner of such partnership.

Do you see that?

A. Yes.

Q. Nor did he control a majority of the limited partnership interest?

A. I see that.

Q. And then he also further advises now that in 2010 he ceased becoming a limited partner, correct?

A. Yes.
Q. Do you know, Mr. Hlavsa, who drafted this paragraph?
A. I do not.
Q. Now, prior to meeting with the government, had you ever recalled hearing of an entity called Balkan Hellenic?
A. I had not.
Q. Prior to meeting with the government, were you at all aware of a partnership involving Jason Galanis, Ymer Shahini and Balkan Hellenic?
A. I was not.

MS. HECTOR: Can we call up Government Exhibit 251 again for a moment.

Q. Now, is this the warrant agreement that we have been discussing?
A. Yes, it is.
Q. The entity Balkan Hellenic isn't mentioned anywhere in this warrant agreement, is it?
A. No, it is not.
Q. This warrant agreement mentions in the second "whereas" paragraph that it relates to the acquisition of certain assets from Weston Capital Management.

Do you see that?

A. I do.
Q. This warrant agreement doesn't mention anything about Seymour Pierce, does it?

A. No, it does not.
Q. It doesn't mention anything about Keith Harris, does it?
A. It does not.
MS. HECTOR: Ms. Sheinwald, can we pull up Government Exhibit 613.
Q. Just so the record is clear, I think when you were asked on cross-examination about this document, it was referred to as Defense Exhibit 807. That's the same as this document, Government Exhibit 613. It just has a different sticker on it, but it's the same document.
What is the date of this e-mail? Both e-mails are the same. So what is the date?
A. Sunday, June 13, 2010.
Q. Now, just to be clear, what was the date of the filing of the first 20-F in this matter?
A. Around June 2, 2010.
Q. Do you recall the date of the filing of the amended 20-F, 201?
A. I believe it's June 16, 2010.
Q. So this e-mail occurs between the filing of the first 20-F and the filing of the second 20-F, is that right?
A. Yes.
Q. And what is it that Mr. Hirst says to you at the top of this e-mail chain regarding the finder's fee? Can you read that to us?

A. "I just want to make sure that the 23.5 million includes the finder's fee for the Wimbledon transaction."
Q. The finder's fee, as you understand it, does that refer to the consulting agreement with Ymer Shahini?
A. I believe it does.
Q. Now, the date of this e-mail, June 13, that date falls after March 29, 2010, correct?
A. Yes, it does.
Q. So this e-mail is sent from Mr. Hirst to you after the date of the warrant agreement at issue in this case, correct?
A. Yes.
MS. HECTOR: Can we just pull up 251 again for a second and look at the last page of that document?
Q. That warrant agreement, dated March 29, 2010, is signed by Gary Hirst, correct?
A. Yes, it is.
MS. HECTOR: Can we now jump back to Government Exhibit 613.
Q. In this e-mail, where Mr. Hirst is talking about the finder's fee, does he say anything about the existence of a warrant agreement to settle that finder's fee?
A. He does not.
Q. And this date, again June 13, 2010, that's after May 26, 2010, right?
A. Yes.

Q. Approximately two weeks later, right?
A. Yes.
MS. HECTOR: Can we pull up Government Exhibit 500, page 2.
Q. Do you recall this document, Mr. Hlavsa?
A. Yes, I do.
Q. What is the date of this document?
A. May 26, 2010.
Q. In this document, what is Mr. Hirst instructing Continental Stock Transfer Company to do?
A. To issue in electronic form 5,333,333 ordinary shares to Ymer Shahini.
Q. Does the first paragraph indicate that that issuance is in response to an exercise notice in connection with a redeemable warrant agreement?
A. Yes.
Q. And in the second paragraph, what does Mr. Hirst indicate to Continental should be the issue date for those shares?
A. May 27, 2010.
Q. And as far as you understand, those shares were in fact issued to Ymer Shahini on May 27, 2010, right?
A. Yes.
Q. Over five million free trading shares of Gerova stock?
MR. TREMONTE: Objection, your Honor.
THE COURT: Overruled.

I am going to require you to rephrase it.

Q. On that day, were over 5,333,333 shares of Gerova stock issued to Ymer Shahini?

A. Yes.

Q. And was the instruction from Mr. Hirst that those shares should be delivered via DWAC?

A. Yes.

Q. Does this instruction from Mr. Hirst indicate that those shares should be free trading in the third paragraph of this letter?

MR. TREMONTE: Objection, your Honor.

THE COURT: I will allow it.

A. Yes.

MS. HECTOR: So can we flip now back to Government Exhibit 613.

Q. So this e-mail on June 13, this is two weeks after Mr. Hirst has just instructed Continental to issue shares in satisfaction of the warrant agreement in this matter, correct?

A. Yes, it is.

Q. In this e-mail, does Mr. Hirst inform you that the finder's fee has in fact been satisfied by the issuance of over five million free-trading shares of Gerova stocks?

A. It does not.

Q. Would that information had been relevant to you at the time?

A. Yes, it had.
Q. But Mr. Hirst did not tell you those important facts, did he?
A. No.
MS. HECTOR: Can we pull up what is marked as Government Exhibit 615.
Q. Now, Mr. Hlavsa, looking at the date of this exhibit, what is the date of these e-mails?
A. Tuesday, June 15, 2010.
Q. So this is just a couple of days after the e-mail we just looked at, right?
A. Yes.
Q. And looking at the e-mail at the bottom of the screen, this is some revised language for the 20-F for the specific portion that related to the cost of the business combinations, correct?
A. Yes.
Q. And during your cross-examination, Mr. Tremonte pointed out a difference in this language from what had been described in the original 20-F filing, correct?
A. Yes.
Q. And, specifically, he pointed you to the fact that there is the addition of the phrase "and certain private warrants." Correct?
A. Yes.
Q. So the revised language now would state that: "Of this

amount, approximately 10,400,000 million was satisfied through the issuance of 1,391,667 ordinary shares and certain private warrants." Right?

A. Yes.

Q. If we can look back to the e-mail, what does Gary Hirst respond to you with respect to that revised language?

A. He says, "This is correct and perfect. Approved."

MS. HECTOR: Can we go back to the e-mail.

Q. Now, at the time that you received this e-mail from Mr. Hirst, June 15, 2010, you were not aware of the warrant agreement that you don't find out about till December 2010, correct?

A. Correct.

Q. But, in fact, you later came to know that the Shahini warrant agreement had already been exercised and turned into shares of stock, correct?

A. Yes.

Q. Shares that you did not know at this point had even been issued, correct?

A. Yes.

Q. And Gary Hirst, the person approving this language for you, with this additional phrase "and certain private warrants," was the person who had sent the letter to Continental seeking issuance of those shares in satisfaction of the warrant agreement with Mr. Shahini, correct?

A. Yes.

THE COURT: We are going to break for lunch.

Ladies and gentlemen, please do not discuss the case among yourselves or with anyone. I will see you back shortly after 2:00.

Thank you very much.

(Jury exits courtroom)

THE COURT: I will see counsel and the parties at ten minutes of 2.

(Luncheon recess)

AFTERNOON SESSION

2:00 p.m.

(Jury not present)

THE COURT: One of the issues that has reemerged is statements made by Jason Galanis to law enforcement, the gist of which was with regard to the Ozone Man transaction that he, Jason Galanis, concealed the participation of another person in that transaction because Jason Galanis believed that Hirst would not participate in the transaction if he knew of this other person's participation.

I have already ruled that it does not come in under an exception to the hearsay rule, for reasons that I have explained. The defense has now offered it not for the truth of its content, but as a statement bearing on the state of mind of Jason Galanis, and I have reconsidered in light of that offered for a different purpose.

I conclude that it is inadmissible because, number one, it has little or no probative value with regard to Jason Galanis's state of mind as it bears on Gary Hirst's conscious decision to join in a conspiracy with Jason Galanis. If it has any probative value, which I view as slight, it is substantially outweighed by the danger of unfair prejudice and jury confusion, because it would be elicited from law enforcement and it would beg the question of why Galanis is speaking with law enforcement on this subject. It also raises the question of who was this other person, who is not a person at all involved in the conspiracy or any of the transactions at issue, and it runs the risk of opening doors.

I understand the defendant's position that they have optimism that they could reach a compromise stipulation with the government, but that hope does not satisfy my concerns, and so it is inadmissible.

Now, with regard to Gary Hirst's contact with law enforcement, let me ask Mr. Tremonte to put on the record, when did you Mr. Hirst speak with law enforcement?

MR. TREMONTE: Your Honor, it was at some point in 2013. I apologize, I don't have that information handy, but I believe we provided it to the government.

MR. BLAIS: I think the date was October 31, 2013.

THE COURT: Mr. Blais, is that a point in time after the conspiracy?

MR. BLAIS: Yes, your Honor. The conspiracy that's alleged in the indictment is from 2009 through 2011.

THE COURT: And I take it you have spoken to your witnesses about what they would say about this, or you have spoken to law enforcement agents or you have information from law enforcement agents about what was said?

MR. BLAIS: That's correct, your Honor.

THE COURT: What, if anything, was said with regard to the charged conspiracy, or Gerova, or any of the matters discussed thus far in this trial?

MR. BLAIS: From what we can tell, what largely happened at the meeting was that Mr. Hirst provided law enforcement agents with a written statement. There was not, from what we can tell, a colloquy or questioning. There was a written statement, and that written statement largely touched on Mr. Hirst's interactions with a gentleman named David Bergstein, which began during the time period that Mr. Gerova was in existence. And Mr. Bergstein had some involvement with Gerova at the end of 2010, but it was unrelated to the Shahini share issuance and the matters that have been an issue at the trial.

So part of the written statement is about Gerova, but that written statement about Gerova is not about the Gerova transactions that are at issue.

THE COURT: And tell me how Mr. Bergstein fits into the charged conspiracy here, if at all, or any defense to that conspiracy.

MR. TREMONTE: The only indirect connection that I am aware of is my understanding is some of the Shahini shares ended up getting transferred to Bergstein through a series of transactions after the events of January and March and May of 2010.

But just so the record is clear, I think there was a lengthy interview and colloquy. All that's left of that interview, which Mr. Hirst initiated with these FBI agents, is the written statement that Mr. Hirst provided to the agents about Gerova and Bergstein. Apparently, based on the government's investigation of what is in the records, what is in the FBI records, the agents, to my mind remarkably, did not write anything down. They appeared to have accepted Mr. Hirst's written statement and placed it into, I would guess an A file. I don't know that for fact, but they put it in their records. We don't know what the agents recall about this interview, but it was not simply a matter of Mr. Hirst walking to the hotel where they met, handing him a multipage, single-spaced document and walking away. They had an extensive interview. And so that's the factual background.

Again, your Honor, I just want to emphasize, it's the content of the writing or statements that Mr. Hirst made that are admissible.

THE COURT: But you do not contend that he referred to the warrant agreement, any consulting arrangement with Mr. Shahini, any mention of Mr. Shahini, or any discussion of Mr. Jason Galanis, do you?

MR. TREMONTE: Well, I don't believe, as I stand here, that there was any discussions specifically of Mr. Shahini. I would be surprised if there was not extensive discussion of Gerova and Galanis and Bergstein who ended up taking over Gerova. I think the Bergstein contact with Gerova was initially through Mr. Klass, like most of the other people involved, and there was a power struggle, and I believe control of Gerova ended up in Mr. Bergstein's hands, and all of that was the subject of the discussion between Mr. Hirst and the agents. That's what he went to talk to them about.

THE COURT: Thank you.

The Court will not allow questioning of the agents on the subject. First of all, it does not appear to me that there is anything of probative value relative to this case. I understand the contention of the defense that willingness to speak to law enforcement bespeaks of consciousness of innocence. But this case is very much unlike the *Biaggi* case. Speaking to law enforcement is often a quite ambiguous action, wholly unlike the refusal of a grant of immunity. And that persons who speak with law enforcement often tell the truth, and people who speak with law enforcement often do not tell the truth, and the fact of a willingness to speak to law enforcement does not, in my view, have sufficient probative value to make it relevant. If it does, again, under Rule 403, I conclude that any slight probative value is substantially outweighed by the danger of jury confusion. So that is out.

Is there anything else outstanding in the government's case that I need to rule on?

MS. HARRIS: Your Honor, there is this issue of proposed Government Exhibit 910.

THE COURT: Let me find out, are the jurors here?

THE DEPUTY CLERK: Yes.

THE COURT: We are going to go ahead with the jury. We may take it up at another time.

Thank you for reminding me, Ms. Harris.

(Continued on next page)

(Jury present)

MICHAEL HLAVSA, resumed.

THE COURT: You may continue.

MS. HECTOR: Your Honor, I have nothing further.

THE COURT: All right. I indicated I would give you recross on the one point that I allowed government to get into. If you would like to do that, you may.

MR. TREMONTE: I would like to recross on two points, if I may.

THE COURT: Is one of them the point which I mentioned?

MR. TREMONTE: Your Honor, I apologize, I can't recall the specific.

THE COURT: Ask your questions. We will see where we go.

RECROSS-EXAMINATION

BY MR. TREMONTE:

Q. Mr. Hlavsa, you testified just before the break about free-trading shares and, in particular, that you would have wanted to know about the free-trading shares that were issued pursuant to the warrant agreement, correct?

A. I don't recall. Can you refresh me?

Q. You were asked about the shares that were issued to Mr. Shahini pursuant to the exercise of the warrant agreement, correct?

A. Yes.
Q. And you testified that you would have wanted to know if so many free-trading shares would have come into circulation, correct? You would have wanted to know that back in May, March, earlier if possible, correct?
A. I would have wanted to know any shares that were being issued, yes.
Q. But the shares that were issued pursuant to the warrant agreement were issued to a foreign person, correct?
A. That's correct.
Q. And they were issued pursuant to Reg S, correct?
A. Yes.
Q. And that was so stated in the Barry Feiner opinion letter, isn't that right?
A. Yes.
Q. In fact, that was referenced in the warrant agreement, isn't that right?
A. I don't recall it being referenced in the warrant agreement.
MR. TREMONTE: Let's just bring up Government Exhibit 251 briefly.
Q. I would just direct your attention to the page ending in 868. And there is a numbered paragraph 6 which says, "No right of registration," which I would ask you to read. And then I would ask you, isn't it true that that references that the

securities described in the warrant agreement are Reg S shares, correct?

A. It does refer to Reg S, yes, Regulation S.

Q. This, together with the Barry Feiner letter, means that the share in the hands of a non-U.S. person cannot be traded on a U.S. exchange, correct?

A. I do not know that.

Q. If they could only be traded offshore, then the extent to which they are freely tradeable is severely curtailed, right?

A. I do not know that.

Q. And the only other topic I have is, you testified on, I guess redirect, about the consulting agreement, correct?

A. The consulting fee?

Q. You were shown the consulting agreement, correct?

A. Can you refresh that point?

Q. Let me just ask it this way because it's the last couple of questions I have.

You also testified on redirect about the testimony you gave in front of the SEC, correct?

A. Yes.

Q. And when you testified before the SEC, you were under oath, right?

A. Yes.

Q. And you testified to the SEC that --

MS. HECTOR: Objection.

THE COURT: Sustained.

Q. You received from Mr. Weiss, in May or June of 2010, a signed copy of the consulting agreement, correct?

A. I do not recall whether it was signed or not.

Q. May I show you something to refresh your recollection?

A. OK.

Q. Does that refresh your recollection that you provided a signed copy of the consulting agreement to Mr. Weiss in May or June of 2010?

A. I did not provide a signed copy to Mr. Weiss. I had received a copy from Mr. Weiss.

Q. I'm sorry. You received a signed copy of the consulting agreement from Mr. Weiss at that time, correct?

A. That's what I testified.

MS. HECTOR: Objection.

THE COURT: No, no. We have been through this before OK?

THE WITNESS: Yes.

THE COURT: This is being shown to you to see whether it refreshes your recollection.

THE WITNESS: It does not.

THE COURT: Sorry to cut you off, sir, but that's my job.

THE WITNESS: I appreciate that.

MR. TREMONTE: I have no further questions, your

Honor.

THE COURT: You may step down.

(Witness excused)

MR. BLAIS: At this time, we have two stipulations to read to the jury.

THE COURT: You may read the stipulations.

MR. BLAIS: Reading first from Government Exhibit 1508.

"It is hereby stipulated and agreed by the parties and their respective counsel that, if called to testify, the respective records custodians for (1) Roth Capital Partners, LLC (Government Exhibits 300 through 308); (2) CK Cooper and Company (Government Exhibits 330-334); (3) Morgan Stanley (Government Exhibits 340 and 341); (4) Raymond James (Government Exhibits 360-365; (5) Murphy & Durieu (Government Exhibits 370-386; and (6) Charles Schwab (Government Exhibits 390-393 and 395) will testify as follows:

"1. That the government exhibits set forth herein are true and correct copies of brokerage records that were created, kept and maintained in the ordinary course of business of the above-named entities.

"2. These records were created by persons with knowledge of, or created from information transmitted by persons with knowledge of, the information shown, and were created at or near the time the information became available.

"3. Government Exhibit 395 is an Excel spreadsheet containing trading activity details specific to Gerova Financial Group in the accounts of Martin Kelly Capital and SunTrust Bank client accounts during the period June 30, 2009 through June 30, 2011.

"It is further stipulated and agreed by and among the parties that this stipulation is admissible as a government exhibit at trial."

At this time, your Honor, the government would offer Government Exhibits 300 to 308, 330 to 334, 340 and 341, 360 to 365, 370 to 386, 390 to 393, 395, and the stipulation, which is Government Exhibit 1508.

THE COURT: Any objection?

MR. TREMONTE: No objection.

THE COURT: Received.

(Government's Exhibits 300-308, 330-334, 340 and 341, 360-365, 370-386, 390-393, 395, and 1508 received in evidence)

MR. BLAIS: The second stipulation I will be reading from is Government Exhibit 1512, which reads:

"It is stipulated and agreed by and among the parties, and their respective counsel, that:

"1. Government Exhibit 509 is a true and accurate copy of an e-mail from the e-mail account of Stephen Weiss, with e-mail address sweiss@hodgsonruss.com.

"2. Government Exhibit 1200 is a true and accurate copy of an e-mail from the e-mail account of Lucas Mann, with e-mail address l.mann@me.com.

"3. Government Exhibit 1210 is a true and accurate copy of an e-mail from the e-mail account of Jillian Mally, with e-mail address jillian@islandstocktransfer.com.

"4. Government Exhibits 1220 through 1222 are true and accurate copies of e-mails from the e-mail account of Jason Galanis, with e-mail address jason@fund.com.

"5. Government Exhibits 1260 and 1262 are true and accurate copies of e-mails from the e-mail account of James Tagliaferri, with e-mail address J6395@aoL.com.

"6. Government Exhibits 1280 through 1282 are true and accurate copies of e-mails from the e-mail account of Gavin Hamels, with e-mail address hamelsg@hotmail.com.

"It is further stipulated and agreed by and among the parties that this stipulation is admissible as a government exhibit at trial."

And it is dated September 11, 2016 and signed by the parties.

At this time, your Honor, the government would offer Government Exhibit 509, 1200, 1210, 1220 through 1222, 1260, 1262, 1280 through 1282, and the stipulation, which is Government Exhibit 1512.

THE COURT: Any objection?

MR. TREMONTE: Your Honor, may I confer with Mr. Blais for a moment?

THE COURT: You may.

MR. TREMONTE: No objection, your Honor.

THE COURT: Received.

(Government's Exhibits 509, 1200, 1210, 1220-1222, 1260, 1262, 1280-1282, and 1512 received in evidence)

THE COURT: Call your next witness.

MS. MERMELSTEIN: The government calls Dr. Alan Cole.

Is it all right to clear off the witness stand?

THE COURT: Yes.

ALAN COLE,

called as a witness by the government,

having been duly sworn, testified as follows:

THE DEPUTY CLERK: State your name and spell it for the record, please.

THE WITNESS: My name is Alan Cole, A-L-A-N, C-O-L-E.

THE COURT: You may inquire.

DIRECT EXAMINATION

BY MS. MERMELSTEIN:

Q. Good afternoon, Dr. Cole.

A. Good afternoon.

Q. What sort of work do you do?

A. I'm a physician.

Q. What kind of a physician?

A. I am an endocrinologist.

Q. What is an endocrinologist?
A. I take care of people with diabetes, thyroid disease, calcium disorders and other hormonal concerns.
Q. Where do you live?
A. I live in Needham, Massachusetts.
Q. Are you familiar with an individual named James Tagliaferri?
A. I am.
Q. What kind of work did Mr. Tagliaferri do?
A. He was a financial adviser, manager.
Q. Were you or any of your family members clients of Mr. Tagliaferri?
A. Yes.
Q. Who?
A. My parents.
Q. Are your parents currently living?
A. My mother is.
Q. Did your father pass away?
A. Yes.
Q. Approximately when did your father pass away?
A. In 2006.
Q. What sort of work did your father do?
A. My father imported and produced elastic and also something called stribbons, which people probably know. It's essentially an elasticized gold string tied into a bow, put on packages in

department stores and the like.
Q. The kind of thing you see on a box of candy?
A. Yes. My father invented that.
Q. Was he successful?
A. He was.
Q. Is it fair to say that he became very wealthy by virtue of his entrepreneurial endeavors?
A. He became pretty wealthy.
Q. How would you describe his business savvy and know-how?
A. He was very good at what he did. My father was a product of the Depression; his parents went bankrupt. He worked very hard, and I think his pedigree from that was that people really needed to work hard in life, and he was self-made. He sold his business to people that actually had been in government, including the Senate Majority Leader who thought he was the best operations person they had ever met.
Q. How would you describe your father's literacy in financial investments?
A. He was very good at that.
Q. When did your father first engage Tagliaferri as his investment adviser?
A. In 1985.
Q. Were they close?
A. They were, actually. They became friends. They shared an office for a time. They shared a secretary for years.

Q. How established was Tagliaferri as an investment adviser at the time that your father retained him?
A. I believe my father was his second client. So he was -- I think he started working with Tagliaferri early in his career.
Q. How long did Mr. Tagliaferri serve as an investment adviser to your father?
A. Until he died in 2006.
Q. Was your father a conservative or a less conservative investor?
A. I think he was probably pretty conservative. As he got older, he might have invested in secured things like bonds. I don't know that he did. He probably stayed in the stock market.

THE COURT: Ladies and gentlemen, I am going to strike that portion of Dr. Cole's testimony because you can't speculate.

If you know, you know. Otherwise just say, I don't know.

THE WITNESS: I don't know.
Q. I want to shift from your father for a moment and speak about your mother.

What is your mother's name?
A. Rita Cole.
Q. Did she work?
A. No.

Q. How did she occupy her time?
A. I suppose she was the traditional housewife. She took care of her children. She was at home, I would say.
Q. How was her investment literacy compare to your father's?
A. She had no investment literacy. She really did not have experience at it. My father was sort of the traditional male and took ownership of it and didn't share it.
Q. How old is your mother now?
A. 93.
Q. Where does she live?
A. She lives in Delray Beach, Florida.
Q. How often do you speak to her?
A. At least twice a week.
Q. How is her physical health?
A. Well, she has gotten older. She actually has metastatic cancer and has become debilitated over the years.
Q. What about her mental agility? How, if at all, have you noticed changes in her mental agility in the last number of years?
A. Her memory is not as good as it was.
Q. Let's talk a little bit about what happened to your father's investments when he passed away in 2006.
What happened to his accounts with Mr. Tagliaferri?
A. Well, my father didn't make arrangements for after his demise. He left it to Jim Tagliaferri, I suspect, because --

Q. Let me not --
A. I'm not allowed to suspect.
THE COURT: Stop.
Next question.
Q. Did Mr. Tagliaferri continue to manage the accounts once they passed to your mother?
A. Yes.
Q. What was the relationship between Mr. Tagliaferri and your mother?
A. He was extremely nice to her. He talked to her a lot. He would visit her every month or two, fly up from the Virgin Islands to Florida to have lunch. He bought her an iPad. I will say that he was -- I believe he played her.
(Continued on next page)

BY MS. MERMELSTEIN:
Q. Who made the investment decisions in your mother's accounts once your father had passed away?
A. Tagliaferri.
Q. Generally speaking, how open was your mother to sharing her account statements or discussing her financial situation with her children or members of your family?
A. She wasn't. She was very protective, very guarded.
Q. Did there come a time when she expressed concern to you about her accounts with Mr. Tagliaferri?
A. Yes.
Q. Approximately when was that?
A. That was in early 2011.
Q. What did you do after she expressed that concern?
A. Well, she called me up, she said there was a substantial decline in her assets. She received a statement every month and looked at it. She was worried about it and she -- and I offered to call him, and she said "yes".
Q. Did you call him?
A. I did.
Q. Had you ever spoken to him before about your mother's accounts?
A. No.
Q. Tell me about the conversation.
A. Well, I asked him what she was invested in. He named a

number of equities that I had never heard of.

MR. BIALE: Objection, your Honor.

THE COURT: Is this being offered for the truth of its content?

MS. MERMELSTEIN: No, your Honor.

THE COURT: Ladies and gentlemen, we'll take this testimony with the fact that it was said by Mr. Tagliaferri because it may have influenced the actions of other people. When somebody gives you information, whether the information is right or wrong, it may cause you to do something else or act or refrain from acting in a way. Go ahead.

Q. You can continue.

A. I've forgotten the question.

Q. You were describing your conversation with Mr. Tagliaferri.

A. Right. He told me the names of a number of equities I had never heard of. I was surprised. Then he mentioned that she had owned Costco and Apple. But there were a number of them in large quantities of money at the time of their purchase that were very small companies that seemed illogical to me.

Q. Do you remember any of the names of the companies, the small companies?

A. I'm not sure I remember them all, but there was Gerova, there was a company called Fund.com, and there were some others I don't remember the names right now.

MS. MERMELSTEIN: May I approach, your Honor?

THE COURT: You may.

Q. I've put in front of you what's been marked for identification as 3503-4. Go ahead and read that to yourself and then, when you're done, put it down.

A. Okay.

Q. Does that refresh your recollection about any of the other companies that Mr. Tagliaferri mentioned?

A. Yes.

Q. What were those?

A. Recovery Energy, White Energy, and a company with the symbol RIGI.

Q. What was Mr. Tagliaferri's demeanor during your call?

A. He sounded very nervous, and the fact that he sounded nervous made me nervous.

Q. Were you satisfied with his explanations during that call?

A. No.

Q. What did you do?

A. I asked him to send me a copy of her statement. He said he would have to ask her permission, and I said that was fine. And he said having done that, he would send me a copy of her statement.

Q. Did he, in fact, do that?

A. No.

Q. Did your mother continue to engage Mr. Tagliaferri as her investment advisor?

A. No. I called my mother after I finished that call and told her it just sounded fishy to me, and within about two days she closed his access to her account.
Q. Approximately how much money did your mother lose with Mr. Tagliaferri?
A. About $30 million.
Q. How has the decline in value in her accounts affected your mother?
A. She felt essentially assaulted. She was sleepless, she was very hurt. This was someone who she trusted since 1985. My father's friend. And she had lost, I would say, most of her assets to someone who she thought she could trust.
Q. Let me direct your attention to what's in evidence as Government's Exhibit 390, which are your mother's statements. It should be coming up on the screen. There's a hard copy in front of you if that's easier. Let's wait for it to come up for the jury, as well.
MS. MERMELSTEIN: Let's move to the September, 2010 statement, Ms. Sheinwald, and skip to page 702. Can we take that down for one minute and let me just confer with defense counsel?
THE COURT: Yes.
MS. MERMELSTEIN: I apologize.
(Pause)
MS. MERMELSTEIN: Can we have one moment, your Honor?

I'm sorry.

THE COURT: Sure.

(Pause)

MS. MERMELSTEIN: Let me do it this way. Let's show it just to the witness. Ms. Sheinwald, if you could pull up this page, and the next page, pull them up side-by-side. If we can now publish these to the jury, please.

Q. Dr. Cole, they're almost up. Here we go. In September of 2010, directing your attention to the equities section of the statement, did your mother own any Gerova at that time?

A. I don't see Gerova on this list.

MS. MERMELSTEIN: Ms. Sheinwald, if we can skip next to page 715, please, which is the October statement.

Q. Dr. Cole, how many shares, if at all, does your mother own of Gerova in October of 2010?

A. 260,000 shares.

Q. Is that 80,000?

MS. MERMELSTEIN: Maybe you can blow it up.

THE WITNESS: 280,000, yes.

MS. MERMELSTEIN: Let's enlarge that section, Ms. Sheinwald.

Q. What was the market value of those shares in October of 2010?

A. $1,596,000.

MS. MERMELSTEIN: If we can move to page 729 to the

November statement, please. If we can again zoom in, Ms. Sheinwald.
Q. How many shares of Gerova were in your mother's account in November of 2010?
A. 309,376 shares.
Q. And what was the stated value of those shares?
A. $8,121,120.
Q. What percentage of her total assets did that represent?
A. 16 percent.
Q. Then if we can jump to page 744 to the December statement. In December of 2010, how many Gerova shares did your mother own?
A. 669,571 shares.
Q. What was the market value of those shares?
A. $20,087,130.
Q. What percentage of her assets did that represent?
A. 37 percent.
MS. MERMELSTEIN: If we can move to page 758, please, to the January, 2011 statement.
Q. How many shares of Gerova did your mother own in January of 2011?
A. 730,671.
Q. So the same as the prior month?
A. Yes.
Q. What was the market value?

A. Just over $15 million. $15,344,000.
Q. So it's down several million dollars?
A. Yes.
MS. MERMELSTEIN: If we can then jump, please, to page 768.
Q. If we look there, how many shares of Gerova does your mother own in February of 2011?
A. It looks like the same number of just over 730,000 shares.
Q. What is the stated value?
A. $3,857,942.88.
MS. MERMELSTEIN: Finally, if we can jump to page 775, the March statement. If we can make sure we're highlighting the second Gerova.
Q. How many shares of Gerova does your mother own in March of 2011?
A. The same number as before, 730,000 plus.
Q. What is indicated for their value?
A. There is no listed value.
Q. It's gone from a high of tens of millions of dollars to zero?
A. Right.
MS. MERMELSTEIN: No further questions, your Honor.
THE COURT: Cross examination?
MR. BIALE: No questions, your Honor.
THE COURT: You may step down, Dr. Cole. Thank you.

Call your next witness.

MS. HECTOR: The government calls Kathy Kram.

KATHY KRAM,

called as a witness by the Government,

having been duly sworn, testified as follows:

THE DEPUTY CLERK: Please be seated. State your name and spell it for the record, please.

THE WITNESS: Kathy Kram. K-a-t-h-y, K-r-a-m.

THE COURT: You may inquire.

MS. HECTOR: Thank you, your Honor.

DIRECT EXAMINATION

BY MS. HECTOR:

Q. Good afternoon, Ms. Kram. What do you do for a living?

A. I'm a Professor Emeritus for Boston University.

Q. What type of areas do you teach?

A. I teach leadership and organizational behavior.

Q. Where do you live, what town?

A. I live in Framingham, Massachusetts.

Q. Are you familiar with an individual named James Tagliaferri?

A. Yes.

Q. How do you know him?

A. He was my parents' financial advisor for about 25 years.

Q. What are your parents' names?

A. Eleanor and Harvey Kram.

Q. Are they still living?
A. No.
Q. When did your father pass away?
A. He passed away in March of 2009.
Q. When he was alive, was his account under his name?
A. Yes, it was.
Q. What did your father do for a living?
A. My father was an executive, a business executive for a large manufacturing company.
Q. How would you describe his level of knowledge regarding investments?
A. My dad was very knowledgable and liked to be actively involved in investments decisions, and he consulted with James Tagliaferri on a regular basis.
Q. Now let's turn to your mother. When did she pass away?
A. She passed away in November, 2011.
Q. What did she do for a living?
A. She was a full-time mother and housewife and then did some part-time work later in life.
Q. How would you describe her level of knowledge about investments or investing?
A. It was quite minimal. She really relied on my dad in that area.
Q. How involved was she in investment decisions in her account with Mr. Tagliaferri after your father passed away?

A. She basically delegated it to him, relied on him and his judgment.
Q. Now, at the time your father and mother were both alive, were you generally aware of their investment strategy?
A. I was.
Q. What was it generally?
A. To preserve the capital that they had so they would have something to pass on to their children.
MS. MERMELSTEIN: I'm going to ask Ms. Sheinwald, our paralegal, to pull up a document that's going to come up on the screen in front of you. If you could take a moment to look at it, that's Government's Exhibit 1262. Looking at this document, are you familiar with that email address at the top, Harkram@aol?
A. That's my dad's old email.
Q. Okay. Now, is the j6395@aol.com address, is that Mr. Tagliaferri's address?
A. I believe so, yes.
Q. What is the date of this email?
A. February 18th, 2009.
Q. So how close is that to when your father passed away?
A. That was just about two weeks, two and a half weeks before my dad passed away.
Q. Could you read for us the email that Mr. Tagliaferri writes to your father, starting with "we know goal"?

A. "We know goal is to preserve capital, and since the annual income forecast meets your cash flow needs, there is no reason to spend the money. Email with further questions. Perhaps we can chat in a week. Warm regards, Jim."
Q. How did your father respond to Mr. Tagliaferri?
A. He wrote, "Thank you, Jim. Your reply is what I needed. Thank you. Wish we were closer so I could give you a hug. Harvey Kram."
Q. You mentioned that your father unfortunately passed away a couple of weeks after this email. What happened to his investment account with Mr. Tagliaferri after he died?
A. It was put in my mother's name, and over the period of the next two years, there was a tremendous decline.
Q. After the account passed to your mother, do you know who made investment decisions with respect to that account?
A. Yes, it was entirely Mr. Tagliaferri.
Q. To your knowledge, what level of trust did your mother put in Mr. Tagliaferri?
A. She put a lot of trust in him. They had a 25-year relationship, and now that my dad was gone, he was the person she would rely on.
Q. Did there come a time when your mother expressed concern to you regarding her account with Mr. Tagliaferri?
A. Yes. That happened in early March of 2011.
Q. What, in general, was the nature of her concern?

A. She was concerned because over the period of three months, it appeared that the account had lost considerable value.
Q. When she expressed these concerns to you, approximately how old was your mother at the time?
A. She was 88 years old.
Q. Prior to her expressing these concerns, did you have a practice of regularly reviewing her account statements?
A. No, I did not.
Q. After your mother's call, did you come to look at her account statements at some point?
A. Yeah. At some point, we actually did, because there was such a dramatic loss in the account and we couldn't believe what had happened.
Q. What did you learn when you looked at the account statements?
A. Well, I saw that the account dropped from something like $780,000 to $140,000.
MS. MERMELSTEIN: Let's look a little bit at those statements. Ms. Sheinwald, could we pull up Government's Exhibit 392? Just start with the first page.
Q. Do you recognize this cover page?
A. Yes.
Q. It lists an individual Eleanor Kram. Is that your mother?
A. That's my mother.
Q. The date, the period indicated is April 21st, 2009 through

April 30th, 2009.

A. Correct.

Q. Remind us when your father passed away.

A. March 3rd, that same year, 2009.

MS. MERMELSTEIN: If we could turn to page 3 of this document.

Q. What does this indicate is the total account value at this time in April, 2009?

A. $786,626.09.

MS. MERMELSTEIN: Can we advance to page 221 of this document, Ms. Sheinwald? This is now going to be the account statement dated March 1st through 31st of 2011. If we could turn to the next page, 222.

Q. What is indicated as the value of the account now at the end of March, 2011?

A. $140,434.27.

Q. Is this the decline that you referred to?

A. Yes.

Q. Let's walk through a little bit more detail of what happened. Let's go back to page 179. If you could look at the top. What statement period does this account statement cover?

A. This is November 1st to 30th, 2010.

Q. Now turning to the next page, page 180. What's the total value of the account at this time?

A. $942,495.58.

Q. Turning to page 182. Is this a listing of the account holdings on that date, November 1st through 30th, 2010?
A. Yes.
Q. Do you see Gerova listed here?
A. I do.
Q. How many shares of Gerova are now listed in your mother's account at this point?
A. 4,200.
Q. What's the value of those shares in total?
A. In total, $110,250.
Q. What percentage of your mother's portfolio is in Gerova at this time?
A. 12 percent.
Q. Now let's turn to page 189, please. Is this a statement for the next month, December 1st through 31st, 2010?
A. Yes.
Q. Page 190, please. What is the total value of the account here?
A. $974,213.95.
Q. Turning to page 192, which should be the listing of stock holdings. Do you see Gerova listed here?
A. Yes.
Q. Now what quantity of Gerova does your mother have?
A. 8,534 shares valued at $256,020.
Q. What portion of your mother's portfolio is invested in

Gerova?
A. 26 percent.
Q. Now could we go to page 201? Is this the statement dated January 1st through 31st, 2011?
A. Yes.
Q. Page 202. Now it appears the total account value has started to go down. What's the total account value?
A. $880,070.34.
Q. Page 204. How many shares of Gerova?
A. There are now 10,034 shares, total value of $210,714, 24 percent of the portfolio.
Q. We're just going to go through two more. Page 211. This is the statement dated February 1st through 28th, 2011, correct?
A. Yes.
Q. Now let's look at the total value of the account on the next page, page 212. It appears to have gone down significantly. What is the total value of the account now?
A. $390,234.59.
Q. If you look at page 214, let's focus in on those Gerova holdings. How many shares does your mother now have?
A. She now has 5,000 shares valued at a total of $70,000.
Q. I'm sorry. Not to interrupt, but I think we're on the wrong line.
A. Sorry.

Q. That's fine.
A. It's 13,534 shares valued at $71,459.52, making up 18 percent of the portfolio.
Q. Finally, the March account statement, page 221. This is the statement dated March 1st through 31st, 2011, correct?
A. Yes.
Q. Page 222. This is where the account has dropped to 140,000 or so?
A. Yes.
Q. Finally, page 224. How many shares of Gerova does your mother hold at this point?
A. 13,534 shares.
Q. What is the market price provided in the market value provided?
A. It says "N/A".
Q. Fair to say --
A. It means it's worth nothing, yes.
Q. Now, Ms. Kram, did you reach out to Mr. Tagliaferri after reviewing these statements?
A. I did. I called him on the telephone. Took me about five tries to get him, and he -- I told him what I saw, and he said it was -- he would make it good. I shouldn't worry, he would make it good.
Q. What ultimately did you do with this account?
A. We closed it out. There was so little left, we just sold

everything.
Q. Did anyone ever ultimately make it good for the losses that your mother has suffered?
A. No.
Q. Did she ever receive back the money that she had lost?
A. No.
Q. How did the decline in value that took place while Mr. Tagliaferri managed your mother's account impact her?
A. Oh, she was very, very disturbed and upset. I think it was devastating to her.

MS. HECTOR: No further questions.

THE COURT: Any cross?

MR. BIALE: No questions, your Honor.

THE COURT: Thank you, ma'am. You may step down.

THE WITNESS: Thank you.

THE COURT: Call your next witness.

MS. MERMELSTEIN: The government calls Mr. Jamie Patturelli.

JAMIE PATTURELLI,

called as a witness by the Government,

having been duly sworn, testified as follows:

THE DEPUTY CLERK: Please state your name for the record and spell it.

THE WITNESS: Jamie Patturelli. J-a-m-i-e, P-a-t-t-u-r-e-l-l-i.

THE COURT: You may inquire.

MS. MERMELSTEIN: Thank you, your Honor.

DIRECT EXAMINATION

BY MS. MERMELSTEIN:

Q. Good afternoon, Mr. Patturelli. Where do you work?

A. New York Stock Exchange.

Q. How long have you worked at the New York Stock Exchange?

A. Approximately 15 years.

Q. Where did you work before that?

A. The American Stock Exchange.

Q. Is that also known as the Amex?

A. Yes.

Q. How long did you work at the Amex?

A. Eight years.

Q. What is the current relationship between the Amex and the New York Stock Exchange?

A. The New York Stock Exchange acquired the American Stock Exchange in 2008, so it's a wholly owned subsidiary.

Q. What title do you currently hold?

A. A director.

Q. For most of your tenure at, first Amex and then the New York Stock Exchange, what area did you work in?

A. Primarily in the regulatory and compliance area at the Exchange.

Q. What is the regulatory and compliance area?

A. It's a group within the Exchange that's responsible for reviewing and approving companies and products for listing on the Stock Exchange.
Q. Are you in that area now?
A. No.
Q. What area are you currently in?
A. I'm currently in our exchange traded funds group responsible for bringing new products and ETFs to listing for the Stock Exchange.
Q. In your various roles at the New York Stock Exchange and Amex, have you become familiar with the general workings of both the Amex and New York Stock Exchange?
A. Yes.
Q. In particular, have you become familiar with how stocks become listed and maintain their listings?
A. Yes.
Q. Are you also familiar with how the Amex and New York Stock Exchange maintain records, including email communications and other correspondence?
A. Yes.
Q. Let's start from the very beginning. What is a stock exchange?
A. Stock exchange is a central marketplace where retail and institutional investors can acquire ownership in corporations, usually in the form of equity or common stock.

Q. Are there different kinds of exchanges?
A. Yes.
Q. What are some of the bigger ones?
A. So you have the New York Stock Exchange, which generally lists some of your larger companies in the world. You also have the NYC MKT, which is formerly the American Stock Exchange, generally for smaller or nano-cap companies.
THE COURT: What cap companies?
THE WITNESS: Nano or micro-cap companies.
THE COURT: You mean small?
THE WITNESS: Small companies, correct.
THE COURT: Thank you.
A. You also have the NASDAQ, which is generally companies of all size, and that's about it.
Q. Are there requirements for being listed on the New York Stock Exchange or Amex?
A. Yes.
Q. In broad terms, what kinds of requirements are those?
A. The requirements generally are quantitative in nature. Usually price, market capitalization, and other measures based on shareholders or liquidity.
Q. When you say "quantitative in nature", you mean just numbers, you have to meet a certain number qualifications.
A. Correct.
Q. What is the general purpose of those requirements?

A. The primary purpose is to ensure that companies can meet certain liquidity requirements so that investors can buy and sell the securities on the Stock Exchange.

Q. What do you mean by liquidity requirements?

A. Liquidity we're generally looking at volume and shareholders to ensure there's enough of a public distribution so that if an investor wants to purchase the securities, they're available for sale.

Q. What is the process by which a company first becomes listed on the Amex or the New York Stock Exchange?

A. A company or its representatives primarily work with legal counsel, or potentially do it internally, but they usually --

MS. HARRIS: Objection.

THE COURT: No, I'm going to allow it. Go ahead.

A. Companies usually work through their legal counsel and other internal executives and approach the stock exchange. Generally on our business side of the exchange, in my function previously, that's a regulatory function within the exchange, and the business group is responsible for soliciting companies to list on the exchange. Once those companies are in the exchange, it moves over to the regulatory team, which is responsible for reviewing the company to determine whether they meet the listing standards for listing.

Q. When a company is being reviewed to see if it meets the listing requirements, what kind of information does the New

York Stock Exchange or Amex gather about the company?
A. We generally request information with regards to the shareholders of the company. We also have financial statements that we're reviewing. We also look at corporate organizational documents, articles of incorporations, bylaws. And then we're also looking at the corporate governance for the company, generally looking at audit committee and nominating committees, determining whether they have the appropriate number of independent directors on the board, as well.
Q. Do you look at who the officers and directors of a company are?
A. Yes.
Q. What about the significant shareholders?
A. Yes.
Q. Do you look at consulting agreements that the company has?
A. Yes.
Q. Why does the Amex or New York Stock Exchange want information about a consulting agreement?
A. Sometimes in the past, individuals that have been barred or have some significant regulatory or SEC issues or bans sometimes work with public companies in the context of a consulting agreement or investor relations agreement. We often request information on those agreements, and we also do regulatory background checks on those individuals, similarly that we do on officers and directors, as well.

Q. After a company is listed on the New York Stock Exchange or the Amex, what, if anything, does it have to do to maintain that listing?
A. Companies have to maintain similar quantitative criteria as the initial listing, however the requirements are generally lesser. But generally, price requirements, market capitalization requirements, and then other balance sheet or financial statement type items.
Q. What, if anything, does the Amex or the New York Stock Exchange do to monitor the companies that are listed on the exchange?
A. Throughout the year, periodically, an analyst would continuously monitor whether a company continues to meet those continued listing criteria throughout the year, generally looking at publicly available information in order to make that assessment.
Q. What actions are available to the Amex or the New York Stock Exchange if a company fails to meet the requirements to maintain its continued listing?
A. The most severe consequence is delisting from the Stock Exchange.
Q. What are the intermediate consequences?
A. There could be periods of time where a company is given a grace period in order to potentially come back into compliance.
Q. Does the Amex or New York Stock Exchange ever solicit

information from a company in connection with monitoring whether or not it should continue to be listed?
A. Yes.
Q. Let's turn to some company specific here. Are you familiar with a company called the Asia Special Situations Acquisition Corp.?
A. Yes.
Q. How are you familiar with that company?
A. That was a special purpose acquisition company that listed on the American Stock Exchange in 2008.
Q. What was your work on that?
A. I was responsible for the group at the American Stock Exchange that reviewed Asia Special Situation for listing on the Stock Exchange.
MS. MERMELSTEIN: Let's pull up what is in evidence as Government's Exhibit 550.
Q. Mr. Patturelli, the document should come up on your screen, but if it's easier, in the Redweld there's copies for you, as well.
What is this document?
A. So this is a corporate governance certification form. This would have been required by all companies initially listing on the Exchange to provide at the time of listing.
Q. Who is this a corporate governance certification form for?
A. This is for Asia Special Situations Acquisition Corp.

MS. MERMELSTEIN: If we can jump, Ms. Sheinwald, to the last page, please.

Q. Who signed this document on behalf of Asia Special Situations Acquisition Corp.?

A. Gary Hirst.

Q. What is Gary Hirst's title?

A. Gary Hirst is the president.

MS. MERMELSTEIN: You can take that down. Thank you, Ms. Sheinwald.

Q. Did there come a time when Asia Special Situations Acquisition Corp. changed its name?

A. Yes.

Q. What did it change its name to?

A. It changed its name to Gerova Financial Group.

Q. What caused that change?

A. It was a merger between Asia Special Acquisition Corp. and Gerova.

Q. So it ceased to become a SPAC.

A. Correct.

Q. Did the new company, now called Gerova, have to continue to meet the Amex listing requirements?

A. Yes.

Q. Did it have any issues in doing so?

A. Yes.

Q. What were those issues?

A. When the company completed the acquisition, one of the primary issues was the inability to meet our shareholder distribution requirements.
Q. If a company can't meet the shareholder distribution requirements, what are the consequences?
A. The consequences would be delisting from the Exchange.
Q. Let's take a look at Government's Exhibit 552 in evidence. Let's start with this cover email. Who sent this email?
A. This email is from Stephen Weiss at Hodgson Russ.
Q. Who is CCed on here?
A. Gary Hirst.
Q. Let's turn to the next page, to the attachment, please. What is attached to that email?
A. It's an exhibit with regards to potential delisting of the company.
Q. It's the government's response?
A. Correct.
Q. Excuse me, the company's response?
A. Correct.
MS. MERMELSTEIN: If we can turn to the last page of that letter, please, Ms. Sheinwald.
Q. Who has signed that letter?
A. Gary Hirst.
Q. What is his title?
A. President.

Q. Was Gerova ultimately able to maintain its listing?
A. Yes.
Q. Let's turn next to Government's Exhibit 553 in evidence. Let's look at the email that's on the bottom half of that page. Who is sending that email?
A. That's from Matt McSweeny at the New York Stock Exchange.
Q. Who is Matt McSweeny?
A. Matt McSweeny was an analyst that was primarily responsible for reviewing companies such as Gerova that completed an application.
Q. What is this email asking for?
A. Specific information to assess whether the listing should be continued on the American Stock Exchange.

MS. MERMELSTEIN: If we can turn to page 3, Ms. Sheinwald. I take it back. Let's go to the second page of that, please. If we can look at item number 3, please.

Q. What is being asked for in item number 3?
A. Copies of all consulting agreements, investment banking agreements, and investor relation agreements.
Q. Again, why does the New York Stock Exchange or Amex want copies of all consulting agreements?
A. Primarily, to do regulatory background reviews on individuals that are involved with these type of companies.
Q. Let's turn to Government's Exhibit 554 in evidence. Starting with the cover email, again, who has sent this email?

A. That's from Stephen Weiss at Hodgson Russ.
Q. Is Gary Hirst one of the people who is receiving that email?
A. Yes.
MS. MERMELSTEIN: If we can zoom back out for a moment.
Q. What does the cover email say?
A. Would you like me to read the --
Q. You can paraphrase.
A. So this is information from Stephen Weiss providing response to the request from Matt McSweeny.
Q. Let's look at the actual attached letter. If we can skip to what's page 3 of the letter but page 5 of this document. Without reading all of the content here, can you just list the name of the entities or individuals with whom Gerova has a consulting agreement?
A. White Lion & Company, Huntley Consulting, Maxim Group, LLC, Roth Capital, LLC, and Hill & Knowlton.
Q. Is there any listing for a consulting agreement with Ymer Shahini?
A. No.
Q. Then turning to the last page of that document, who has signed that letter?
A. Gary Hirst.
Q. After receiving this letter, did the New York Stock

Exchange receive any supplemental information about additional consulting agreements that Gerova had?
A. Not that I'm aware of.
Q. Have you reviewed the correspondence and communications with Gerova on this topic?
A. Yes.
Q. Let's turn quickly to Government's Exhibit 558 in evidence. I assume that there was no retraction of that letter?
A. Not that I'm aware of.
Q. Did there come a time that Gerova moved off of the Amex?
A. Yes.
Q. Why was that?
A. Gerova moved towards listing on the New York Stock Exchange.
Q. Let's turn to page 2 of this document. What is this?
A. So this is additional information -- additional information with regards to the listing on the NYC Amex or the American Stock Exchange.

MS. MERMELSTEIN: If we can turn to the last page of that document, please. One back. There we go.

Q. Who signed that document?
A. Gary Hirst.

MS. MERMELSTEIN: Let's turn to Government's Exhibit 561, please. Turn to the next page.

Q. What is this letter?

A. This is a notification from Gerova to the NYC Amex notifying of its intent to list its securities on the New York Stock Exchange.
Q. Again, who has signed that?
A. Gary Hirst.
Q. Let's turn to Government's Exhibit 560, please. Did there come a time when Gerova went through a reverse share split?
A. Yes.
Q. What is a reverse share split?
A. A reverse share split is when a company splits its stock to generally achieve a higher price. So if it's a stock that's trading on $1, it would reduce the number of shares outstanding, and if it was a 5 to 1, stock would go from $1 to $5.
Q. Does a reverse stock split like that implicate listing requirements?
A. Sometimes, potentially.
Q. In what way?
A. Companies sometimes do a reverse stock split in order to meet certain price requirements for the Exchange.
Q. What were the price requirements in 2010 for the New York Stock Exchange?
A. For the New York Stock Exchange it would have been $4 per share.
Q. So if your stock price was less than $4 per share, you

can't stay listed.
A. You cannot list initially.
Q. Okay.
A. There's lesser requirements from an ongoing perspective.
Q. Got it. Let's turn to Government's Exhibit 568, please. Let's look at the email on the bottom part of that page. Who is that email from?
A. It's from Gary Hirst.
Q. What topic is being discussed in that email?
A. It's the discussion with regards to the potential shareholders of, presumably, Gerova Financial Group.
Q. How it affected the numbers of shareholders?
A. Correct.
Q. Why is that significant?
A. Because the initial listing requirements to list on the New York Stock Exchange require a minimum number of public shareholders, ground amount of public shareholders.
Q. Was that information then provided to the New York Stock Exchange?
A. Yes.
Q. Who is Victoria Paper?
A. Victoria Paper is another member of the New York Stock Exchange that worked in the regulatory and compliance area.
Q. Let's turn to Government's Exhibit 569, please. What is this letter?

A. So this is a letter from CK Cooper & Company providing some additional information with regards to certain shareholders that potentially held Gerova stock.

Q. How many shareholders does this letter concern?

A. A total of five clients.

Q. Is it unusual for five clients to make the difference between a company meeting and not meeting shareholder requirements?

A. Yes.

MS. MERMELSTEIN: Let's turn next to Government's Exhibits 579 and 580, please. Let's start with 579, Ms. Sheinwald.

Q. What is the date of this email?

A. Thursday, January 13th, 2011.

Q. Who are the recipients?

A. The recipients are some individual with the last name Bianco at Yahoo, Gary Hirst, Eric Pinero, and then the next four individuals are all New York Stock Exchange employees.

Q. If we can turn to the attachment, Government's Exhibit 580, please. What is the date of this letter?

A. January 13th, 2011.

Q. Who is it to?

A. It's to Gary Hirst and Joseph Bianco.

MS. MERMELSTEIN: If we can zoom in on the first paragraph, please, Ms. Sheinwald.

Q. If I can ask you to read that.
A. Sure. "NYSE regulation on behalf of the New York Stock Exchange, a self-regulatory organization, has the responsibility to review and investigate allegations about NYSE listed issuers. On January 5th, 2011, an article about Gerova Financial Group, Ltd. was published on the Forbes.com website which makes certain allegations about the company and its apparent affiliation with Mr. Jason Galanis. A copy of the article is attached. In order to enable NYSE regulation to assess the allegations, pursuant to the company's listing agreement with NYSE, in Section 901.002 of the listed company manual, please respond to the following."
Q. Then there's a list of requests of information to be provided to the New York Stock Exchange?
A. Yes.
Q. Is that the substance of the letter?
A. Correct.
Q. Did the New York Stock Exchange also become aware of some other press about Gerova around the same time?
A. Yes.
Q. In particular, did they become aware of a Dalrymple report?
A. Yes.
Q. And an article in the Bermuda Sun?
A. Yes.
Q. Let's turn to Government's Exhibit 584. Did Gerova issue a

press release in response to the negative articles?
A. Yes.
Q. Looking at the bottom part of the page there, who is sending the email?
A. Gary Hirst.
Q. What is the first line, if you can read the first line of the email?
A. "Attached is our proposed press release, to be sent out before the market opens tomorrow."
MS. MERMELSTEIN: We can zoom back out, please, Ms. Sheinwald.
Q. Did the New York Stock Exchange seek further information from Gerova following these press reports?
A. Yes.
Q. Let's turn to Government's Exhibit 583, please. If we can look at the email on the bottom half of that page. Who is sending that email?
A. This is an email from Glen Tyranski, who was a senior vice president in the NYC regulation and compliance area.
Q. Who is the email to?
A. Gary Hirst.
Q. If you could read the first line of that email, please.
A. "Thank you for participating on this afternoon's conference call with NYSE in response to today's Bermuda Sun article."
Q. Let me ask you to read two more sentences.

A. Sure. "We mailed as well as delivered electronically a letter to your outside legal counsel Eric Pinero yesterday that requested further information on the recent events surrounding the company. Upon receipt of your response and subsequent review of that information, then a possible follow up meeting with the executive management and board members would be considered, not before."

Q. Let's move to Government's Exhibit 587, please. Let's start on page 3. Let's start at the bottom of that email. Who is Cynthia Melo?

A. Cynthia Melo was an employee within NYSE regulation primarily responsible for our continued listing group.

Q. What is she asking for in this email?

A. She's asking for a status on the response to the NYSE letter dated January 13th, 2011.

Q. That was the letter asking for more information about filing the press report?

A. Yes.

Q. How does Steve Weiss respond?

A. Steve indicates that, "It's being delivered today with exhibits sent by Federal Express."

Q. Who is CCed on that email?

A. Gary Hirst and Eric Pinero.

Q. If we can go to the first page of this document, please. At the bottom of that page, again, who is sending the email?

A. Steve Weiss.
Q. And who is CCed?
A. Edgar Pinero, Eric Pinero, and Gary Hirst.
Q. And substantively, what does Steve Weiss say about the response from Gerova?
A. Steve indicated that an electronic copy of the response letter was attached to the email and that exhibits are not all included in the email, but two additional sets will be messengered.

THE COURT: With that news, Ladies and Gentlemen, it's time for our mid-afternoon break. Please do not discuss the case amongst yourselves or with anyone. See you back in action in 10 minutes. Thank you.

(Recess)

(Continued on next page)

(Jury present)

THE COURT: Ms. Mermelstein, whenever you're ready.

MS. MERMELSTEIN: Thank you, your Honor.

BY MS. MERMELSTEIN:

Q. Mr. Patturelli, before we took the break, we were talking about the Exchange's request for additional information from Gerova in light of various press reports.

Let's, returning to that topic, pull up Government Exhibit 589.

Let me ask you this. Did the New York Stock Exchange receive a response to its request for information concerning Jason Galanis?

A. Yes.

Q. What is the date of that letter?

A. January 28, 2011.

Q. Toward the bottom of that page, what does item 1 request?

JUROR: We don't have it up here.

Q. So what did item 1 request?

A. A description of Mr. Galanis's activities and responsibilities during the past five years with or on behalf of the company and/or its subsidiaries.

Q. If we can turn to the second page, please.

If you can read the last sentence on that page and then on to the next page starting "as set forth below."

A. "As set forth below, in November 2009, Mr. Galanis introduced to the company board of directors the opportunity to acquire the Stillwater fund assets, and Joseph Bianco (then a consultant to the company) introduced to the company the opportunity to acquire assets of the Wimbledon funds."

Q. Then if can turn to page 10 of this document, please.

What does item 6 request?

A. It requests "to provide the detail of all related party transactions not already included in your response."

Q. If we can turn to page 11, please.

If you can read the last paragraph in item 6. So it's the paragraph before 7 beginning with "in March 2010."

A. "In March 2010, prior to Mr. Galanis's employment by Gerova Advisors, LLC, the company agreed to issue Mr. Galanis a three-year warrant entitling the holder to purchase up to 2.2 million of our ordinary shares at an exercise price of $37.50 per share."

Q. Keep going.

A. "The warrant was issued in lieu of cash payment of a fee that we had previously agreed to pay to Mr. Galanis or his assigns in consideration for his facilitating our acquisition of the assets of the Wimbledon funds in January 2010 and his introduction of Keith R. Harris and the opportunity to acquire Seymour Pierce. We valued the warrant at $2.2 million, or $1.00 per warrant share, which was the average of the closing prices of our publicly traded warrants during the 30 days prior to March 29, 2010 (adjusted for the 1-5 reverse stock split). On the date of issuance of the warrants the closing price of our ordinary shares was $28.80 on a split adjusted basis. Mr. Galanis advises that he transferred the warrants to a limited partnership unrelated to the company or its business, in connection his capital contribution to the partnership and in consideration for a settlement agreement with the general partner. Mr. Galanis advises that he was never a general partner of such partnership, nor did he control a majority limited partnership interests. He further advises that in 2010 he ceased being a limited partner in the limited partnership."

MS. MERMELSTEIN: If we can go to the last page of that document, please.

Q. Who signed this letter to the New York Stock Exchange?

A. Gary Hirst.

Q. Now, following the news reports concerning Jason Galanis in 2011, did Gerova continue to trade on the New York Stock Exchange?

A. Yes.

Q. Until approximately when?

A. I believe sometime earlier in the -- sometime earlier in 2011.

Q. You don't know the exact date?

A. I do not.

Q. What happened early that year that changed the status of

Gerova?
A. At some point there became issues with regards to the company's ability to file certain financial statements with the SEC, as well as the issues surrounding Mr. Galanis.
Q. Was trading halted?
A. Yes.
Q. Did Gerova ever resume trading on the New York Stock Exchange?
A. No.
Q. What eventually happened to Gerova?
A. Eventually its securities were delisted from the Stock Exchange.

MS. MERMELSTEIN: No further questions.

THE COURT: You may cross-examine.

MS. HARRIS: No questions.

THE COURT: You may step down. Thank you sir.

(Witness excused)

MR. BLAIS: At this time, we have more stipulations to read.

THE COURT: All right.

MR. BLAIS: I am reading now from Government Exhibit 1505.

"It is hereby stipulated and agreed by the parties, through their counsel, that:

"On March 1, 2010, Gerova Financial Group issued a press release stating that it had received a delisting notification from the NYSE Amex.

"It is further stipulated and agreed by and among the parties that this stipulation is admissible as a government exhibit at trial."

It is dated September 6 and signed by the parties.

The government offers Government Exhibit 1505.

THE COURT: Any objection?

MR. TREMONTE: No.

THE COURT: That's received into evidence.

(Government's Exhibit 1505 received in evidence)

THE COURT: Ladies and gentlemen, a stipulation of fact is an agreement between the parties that a certain fact is established or is true. You must accept it as established and true, but the weight that you give to it, if any, is entirely up to you, ladies and gentlemen of the jury.

Go ahead.

MR. BLAIS: Now I am going to read from Government Exhibit 1507.

"It is hereby stipulated and agreed by the parties, through their counsel, that:

"1. From at least in or about 2009, up to and including at least October 2010, the New York Stock Exchange (the "NYSE") maintained computer servers at 55 Water Street, New York, New York (the "Manhattan Servers"), among other locations.

"2. In 2010, purchases and sales of shares of Gerova Financial Group ("Gerova") were executed over the Manhattan Servers, among other servers.

"It is further stipulated and agreed by and among the parties that this stipulation is admissible as a government exhibit at trial."

It is dated September 7 and signed by the party.

The government offers Government Exhibit 1507.

MR. TREMONTE: No objection.

THE COURT: Received.

(Government's Exhibit 1507 received in evidence)

MR. BLAIS: I am now reading from Government Exhibit 1502.

"It is hereby stipulated and agreed by and among the parties, through their counsel, that Government Exhibit 900 is a chart reflecting true and accurate daily share price and trading volume in Gerova stock for the dates specified.

"It is further stipulated and agreed by and among the parties that this stipulation and the government exhibit set forth herein are admissible as government exhibits at trial."

It is dated September 5 and signed by the parties.

The exhibit was actually admitted through other means. So at this time, the government would simply offer the stipulation, Government Exhibit 1502.

MR. TREMONTE: No objection.

THE COURT: Received.

(Government's Exhibit 1502 received in evidence)

MR. BLAIS: I am now reading from Government Exhibit 1503.

"It is hereby stipulated and agreed by the parties, through their counsel, that:

"1. From at least June 2010 through at least September 2010, the cellular telephone number (415) 632-7047 was subscribed in the name Jared Galanis.

"2. At certain times, John Galanis communicated with Gavin Hamels using the cellular telephone (415) 632-7047 while purporting to be Jared Galanis.

"3. From at least 2008 through at least 2011, the e-mail address jmg@sentinellawgroup.com was subscribed in the name of Jared Galanis and was used by both Jared Galanis and John Galanis.

"It is further stipulated and agreed by and among the parties that this stipulation is admissible as a government exhibit at trial."

It is dated September 5 and signed by the parties.

Your Honor, at this time, the government offers Government Exhibit 1503.

MR. TREMONTE: No objection.

THE COURT: Received.

(Government's Exhibit 1503 received in evidence)

MR. BLAIS: I am now reading from Government Exhibit 1504.

"It is hereby stipulated and agreed by the parties, through their counsel, that:

"If called to testify, the respective records custodians for (1) Valley National Bank (Government Exhibits 400-409; (2) the National Credit Union Administration (Government Exhibits 410-412, 417-424, and 426-427); (3) Wells Fargo (Government Exhibits 413-416; (4) Fedwire (Government Exhibits 428-429; and (5) COR Clearing (Government Exhibit 430), will testify as follows:

"1. That the government exhibits set forth herein are true and correct copies of bank or other financial records that were created, kept and maintained in the ordinary course of business of the above-named entities.

"2. These records were created by persons with knowledge of, or created from information transmitted by persons with knowledge of, the information shown, and were created at or near the time the information became available.

"It is further stipulated and agreed by and among the parties that this stipulation is admissible as a government exhibit at trial."

At this time, the government would offer Government Exhibits 400 though 409, 410 through 412, 413 through 416, 417 through 424, 426 through 430, and the stipulation, which is Government Exhibit 1504.

MR. TREMONTE: No objection.

THE COURT: Received.

(Government's Exhibits 400-409, 410-412, 413-416, 417-424, 426-430, and 1504 received in evidence)

MR. BLAIS: I am reading from 1506.

"It is hereby stipulated and agreed by and among the parties, through their counsel, that:

"If called to testify a records custodians from Securities and Exchange Commission ("SEC") will testify as follows:

"1. Government Exhibit 425 is a spreadsheet of all trading data provided to the SEC reflecting trades of a stock of a public company, Gerova Financial Group. Government Exhibit 425 constitutes a true and accurate set of the trade data received and then maintained by the SEC.

"2. These records were created by persons with knowledge of, or created from information transmitted by persons with knowledge of, the information shown, and were created at or near the time the information became available.

"It is further stipulated and agreed by and among the parties that this stipulation is admissible as a government exhibit at trial."

It is dated September 6 and signed by the parties.

At this time, the government offers Government Exhibit 425 and the stipulation, which is Government Exhibit 1506.

MR. TREMONTE: No objection.

THE COURT: Received.

(Government's Exhibits 425 and 1506 received in evidence)

MR. BLAIS: The final one. This is Government Exhibit 1514.

"It is hereby stipulated and agreed by the parties, through their counsel, that:

"Government Exhibits 1000 through 1019, 1021 through 1024, 1026 through 1028, 1031 through 1033, 1036, 1038 through 1055, 1058 through 1086, 1097 and 1101 are e-mails produced by 1&1 Mail Media, Inc. in response to a search warrant. The e-mails contained in the government exhibits I just named were retrieved from 1&1 Mail Media, Inc. servers from the e-mail account associated with the e-mail address ymer@europe.com and were maintained by 1&1 Mail Media, Inc. as part of its regularly conducted business activity.

"2. The e-mail address ymer@europe.com is subscribed in the name Ymer Shahini.

"3. Government Exhibits 1088 through 1089, 1091 through 1094, 1096, 1098 through 1099, and 1102 to 1103 are e-mails produced by Google, Inc. in response to a search warrant. The e-mails contained in the government exhibits I just named were retrieved from Google, Inc. servers from the e-mail account associated with the e-mail address galanis2008@gmail.com and were maintained by Google, Inc. as part of its regularly conducted business activity.

"4. The e-mail address galanis2008@gmail.com is subscribed in the name Derek Galanis.

"It is further stipulated and agreed by and among the parties that this stipulation and the government exhibits set forth herein are admissible as government exhibits at trial."

It is dated September 19 and signed by the parties.

Your Honor, the government offers the government exhibits named in this stipulation and the stipulation, which is Government Exhibit 1514.

MR. TREMONTE: No objection.

THE COURT: They are received.

(Government's Exhibits 1000 through 1019, 1021 through 1024, 1026 through 1028, 1031 through 1033, 1036, 1038 through 1055, 1058 through 1086, 1097 and 1101, 1088 through 1089, 1091 through 1094, 1096, 1098 through 1099, 1102 to 1103 and 1514 received in evidence)

MS. MERMELSTEIN: The government calls Mr. Gavin Hamels.

GAVIN HAMELS,

called as a witness by the government,

having been duly sworn, testified as follows:

THE DEPUTY CLERK: State your name, spell it for the record, please.

THE WITNESS: Gavin Hamels, G-A-V-I-N, H-A-M-E-L-S.

THE COURT: You may inquire.

MS. MERMELSTEIN: Thank you, your Honor.

DIRECT EXAMINATION

BY MS. MERMELSTEIN:

Q. Good afternoon, Mr. Hamels.

A. Good afternoon.

Q. How old are you?

A. I'm 40.

Q. Are you married?

A. I am.

Q. Do you have children?

A. Yes. Two.

Q. Can you walk us through your educational background?

A. I did my undergraduate degree at Harvard in economics and a master's in business at USC.

Q. Were you involved in any significant activities in college?

A. Yes. I played football in college.

Q. What did you do when you finished your MBA?

A. I went to work for a small investment bank based in San Francisco doing institutional sales.

Q. What was the name of that investment bank?

A. C.E. Unterberg, Towbin.

Q. Approximately when did you start there?
A. In August of 2003.
Q. Very generally speaking, what did you do at C.E. Unterberg?
A. It was more of a sales job. So we would sell securities, for example, IPOs or public offerings. We would arrange private financing for companies, mostly technology and health-care companies. Also, we had a research department where I would communicate the research that our analysts performed to investors, mutual fund managers, hedge fund managers, various investment advisers.
Q. Did you hold any licenses while you were at C.E. Unterberg?
A. Yes. A Series 7 and a Series 63 licenses.
Q. What kind of licenses are those?
A. Those are licenses to sell securities, like stocks, bonds, mutual funds, and also to advise on investments to individuals or investment advisers.
Q. In which office of C.E. Unterberg did you start working when you began?
A. I started in the San Francisco office.
Q. Did there come a time you left the San Francisco office?
A. They ended up closing the San Francisco office and I moved to the headquarters office in New York in 2005.
Q. How long did you work in the New York office?
A. For almost two years.
Q. Was that generally in the same role?

A. Yes, the same role.
Q. What did you do at the end of that two years?
A. At the end of that two years I moved back to San Diego, where I am from originally, to work with a friend of mine as an investment adviser for a small firm in San Diego.
Q. What was the name of that small firm?
A. Martin Kelly Capital Management.
Q. What led you to work there?
A. I was ready to move home to San Diego and go into business with one of my close friends from growing up. He had just started a firm Martin Kelly about six months before I moved back to San Diego so I went into business working with him.
Q. What is the friends's name?
A. Billy Crafton.
Q. What was your role at Martin Kelly Capital?
A. I was a portfolio manager. So mainly I was analyzing investments, placing investments in client accounts, for instance, bonds and mutual funds, things of that nature. And analyzing various investments clients were interested in investing in, they would bring us a proposal for, it could be a real estate transaction or something private, and I would evaluate those types of deals as well.
Q. Who were most of Martin Kelly's clients?
A. They were mostly professional athletes and a few just wealthy individuals.

Q. What was Billy Crafton's role at Martin Kelly Capital?
A. He was the president, he was the owner, as well as the main client relations in client advisers. He dealt directly with them when they had questions about their accounts or various financial matters related to them. And he was also kind of a main business development person, where he would go out and acquire new clients and maintain those relationships.
Q. Did you have an ownership interest in Martin Kelly?
A. No, I did not.
Q. What, if any, change in salary did you agree to in moving from C.E. Unterberg to Martin Kelly?
A. It was a pretty significant drop. I had a very good year; my last year at Unterberg, I made over $600,000. And then moving back to San Diego to work with Billy, I worked for free for the first year. And then, also, after that I worked for about $60,000 for the next couple of years.
Q. What kind of discretion did you have over client accounts at Martin Kelly Capital?
A. We had the ability to make investments in client accounts without having to OK it with them each time we wanted to make an investment. And this was mainly limited to investments in stocks and bonds and mutual funds, the more common type of investments. Any private investments -- for example, a real estate fund, a restaurant, a private company that a client wanted to invest in -- we would need their authorization to do

so so we couldn't just invest for them in these kind of alternative investments.

Q. Where were the Martin Kelly clients' funds custodied?

A. They were custodied at Charles Schwab.

Q. What does it mean that they were custodied at Charles Schwab?

A. The client would open an account at Charles Schwab, an investment account, deposit their money there with Schwab, and then identify us, Martin Kelly, as the investment adviser who would have discretion over the account and the ability to manage that account for the client.

Q. You mentioned earlier that you held, I think, two securities licenses when you were at C.E. Unterberg. What happened to those licenses when you joined Martin Kelly?

A. The Series 7 license was going to expire. Martin Kelly was not a broker-dealer that would hold those licenses; they were just an investment adviser, an SEC registered adviser. So my Series 7 would have expired if I did not have a brokerage firm to hold my license for me. So the Series 7 would have expired, but my other license, the Series 63, would remain active. And then I was required to take an additional exam, the Series 65, for investment advisers as part of working with Martin Kelly.

Q. Did you find a broker-dealer with whom to affiliate your Series 7?

A. Yes. Westmoore Securities in Southern California.

Q. What is Westmoore?
A. Westmoore is a financial services, an investment firm. They have a brokerage department that would sell stocks and various investment offerings. They also had their own funds and offerings which they would sell, for instance, loan funds, where they would loan to small- and medium-sized businesses; they would pool some investor money in order to make those loans to businesses. So that was one of their investments. They invested in real estate, some restaurants, oil and gas. So they are a diversified type of investment firm.
Q. So Westmoore was, among other things, an entity in which investors could invest?
A. That's correct.
Q. Were Martin Kelly clients invested in Westmoore?
A. Yes, they were.
Q. When were Martin Kelly clients first invested in Westmoore?
A. Mainly in 2006, and then into 2007, before I started working with Martin Kelly, many of the clients were already invested in various Westmoore products. And then when I started in early to mid-2007, some additional clients after that.
Q. What kind of Westmoore investments were Martin Kelly clients invested in?
A. We invested in the funds, like I just mentioned, that would loan to small- or medium-sized businesses. A lot of these

loans were backed up by some type of collateral, either equipment of the business, assets, certain receivables, personal guarantees by the borrowers, and then those would pay out interest to the investors.

Q. You said they would pay out interest. How was that structured?

A. So on monthly basis, as the funds were collecting their loan payments from the borrowers, then that would be reflected down to the investors as that interest would pay out. So on a monthly basis our clients would see an update of the value of their investment as that interest was paid out and added to their accounts.

Q. Who ran Westmoore?

A. Matt Jennings.

Q. Did Jennings introduce you to any potential investments outside of Westmoore?

A. Yes.

Q. In particular, are you familiar with Jason Galanis?

A. Yes.

Q. When was the first time you met him?

A. In the summer of 2008, Matt Jennings arranged a meeting with myself and Billy Crafton to meet Jason Galanis in Los Angeles.

Q. What was the general topic at that meeting?

A. We covered a couple of investments. One was Fund.com, an equities magazine, a financial related media company that Jason Galanis was involved with, and Matt Jennings was also interested in investing in Fund.com with Westmoore.

In addition, we talked about an Asian company that Jason Galanis was involved with, Asia Special Acquisition Company. And they were also doing business with another Westmoore related company ChinaTel.

So we discussed Jason's involvement in Fund.com, that company, as well as the ChinaTel investment.

Q. Did you make any investments with him at that time?
A. No, I did not.
Q. Let's jump ahead and let me turn your attention to 2008.

Did there come a time that Jennings offered you any inducements to invest in Westmoore?
A. Yes.
Q. What did he offer?
A. He offered free shares in Fund.com if we were able to help him complete a round of fund-raising that he was doing. He was raising about $5 million for Westmoore, and they were looking to invest that into Fund.com. He was $2 million short at the time, in August or so of 2008, and asked if we could help him complete that fund-raising, with the final investment of $2 million if we could, and he could give Billy Crafton shares in Fund.com as compensation.
Q. Did you understand it to be proper to receive compensation

in the form of shares of Fund.com in return for the investment in a client account?
A. It was not proper, especially if not disclosed to the client prior.
Q. Did Mr. Crafton ever receive shares of Fund.com in connection with that agreement?
A. Yes, he did.
Q. What happened to those shares?
A. So those shares were delivered to Billy Crafton in a company he owned called Redhawk Capital, and over the course of maybe a year or so we attempted -- Billy asked me to help him deposit those shares into an account for himself, for his company Redhawk, and I spent some time working with Charles Schwab and trying to get the paperwork correct to be able to deposit those shares for him.
Q. Why was it complicated to deposit those shares in Fund.com?
A. Fund.com at the time was considered like a penny stock, a very small company. There wasn't a lot of active trading volume in it, and for specific companies like that, Charles Schwab required some additional paperwork to document how Billy had acquired those shares, whether he paid for them or acquired them in some other way. And so that was one of the challenges in depositing the shares.
Q. Let's take a look at what is in evidence as Government Exhibit 1282. There is also a hard copy in front of you,

Mr. Hamels, but it is coming up on the screen.

Starting sort of in the bottom e-mail in that chain, which is from you, what is the purpose of the e-mail you're sending here?

A. So I am sending this e-mail to Meghann McEnroe, and attached would have been a copy of a consulting agreement signed by Billy Crafton, and that consulting agreement would say that Billy's company Redhawk would provide consulting services in return for payment in Fund.com shares.

So Matt Jennings sent me this agreement to document how Billy acquired the shares, and I am sending an executed copy from Billy to Meghann McEnroe, where she would also sign it and finalize the agreement.

Q. In the top e-mail she is returning the signed agreement to you?

A. Yes, that's correct.

Q. What is Meghann McEnroe's e-mail address?

A. MMcenroe@sentinellawgroup.com.

Q. Did you know who sentinellawgroup.com was at that point in time?

A. No, I did not.

Q. She cc's Jared Galanis. Did you know who that was at that time?

A. No, I did not.

Q. Did you subsequently learn who Jared Galanis and Sentinel

Law Group were?
A. Yes.
Q. Who are they?
A. Jared Galanis is an attorney at Sentinel and the brother of Jason Galanis.
Q. Let's turn to the next page of this document, which is the attachment.
What is Redhawk Capital Management, Inc.?
A. That's a company that Billy owns, his personal corporation.
Q. And this is the consulting agreement that's the justification for the Fund.com shares?
A. Yes, that's correct.
Q. Just to be clear, did Redhawk in fact perform any consulting work that entitled it to Fund.com shares?
A. No, it did not.
Q. Is this a legitimate consulting agreement?
A. It is not.
Q. What is its purpose?
A. Its purpose is to show some documentation of how the shares were acquired. So as I was submitting paperwork on behalf of Billy to Charles Schwab, you can submit this document to show that those shares were legitimately acquired through a consulting agreement as compensation.
Q. Did there come a time when you learned about problems at Westmoore?

A. Yes, in early 2009.
Q. How did you first learn about the problems?
A. Westmoore and Matt Jennings sent out an e-mail to investors saying that, because of the financial crisis, their business was slowing down, so they would not be able to redeem investors or allow the clients to get their money out of any investments at that time, nor would they be paying any interest to investors going forward until they were able to restructure and kind of get moving in a positive direction again after the financial crisis.
Q. What does it mean to redeem an investor?
A. If the client wanted to get their money out, they would put in a redemption request to have their funds liquidated and sent back to them.
Q. So it's just fancy lingo for getting their money back?
A. That's right.
Q. What did Jennings tell you about the prospect for Westmoore's recovery?
A. He was always very positive. So he said, while he was making these restrictions on the ability to get money out and not paying interest, that things were still pretty good at Westmoore. They didn't have many defaults in their loans. Their businesses were still operating. Their restaurants, their real estate, their oil and gas is still going strong. This was just temporary to restructure some things. But all

along, things were very positive, and I'm working on some other opportunities to help continue to grow the business.
Q. Stepping back for one moment, during this time period of Westmoore's difficulties, what, if anything, was happening to the ownership of Martin Kelly?
A. At the end of 2009, in December, Martin Kelly was acquired by SunTrust Bank, and they had a sports division that was growing and they acquired our group at Martin Kelly.
Q. Did you physically move into new offices?
A. No, we stayed in the same office.
Q. How, if at all, did your role change on a day-to-day basis after the acquisition of Martin Kelly by SunTrust Bank?
A. It was still pretty similar. I worked pretty closely with another individual out of Atlanta, as far as the investments for our clients and for other sports and entertainment clients. So we would discuss a lot about the various investments we wanted to allocate to our clients, reviewing the research options that we had, and trying to build portfolios together and investments together. So it was pretty similar to what I was doing before, but just with a counterpart in Atlanta.
Q. Let's go back to Westmoore's difficulties.
During the time when Westmoore was not allowing clients to get their money back, did you, Martin Kelly, have any clients who wanted to redeem, that is, take the money from Martin Kelly?

A. Yes. We did have one client that requested their money to get out.
Q. Who was that?
A. David Riske.
Q. What steps did you take to allow him to redeem his investment?
A. We went to Matt Jennings, and knowing that there was not many opportunities to get funds out of Westmoore at that time, we asked if there was anything he could do to help us accommodate this client. And he said he had some personal stock he could sell us, or sell to our clients, and you could use those funds to help pay back Mr. Riske.
Q. What was the stock that he offered to sell?
A. He offered us two stocks, Recovery Energy and Fund.com.
Q. Did you purchase those stocks for other clients to provide liquidity to redeem Riske?
A. Yes. In various client accounts we invested in Recovery Energy and Fund.com from Matt Jennings and that got us to about $200,000 in funds, and Riske needed about 700,000 to be fully made whole.
Q. What, if any, other stocks did you take?
A. So for that remaining 500,000 that we were short, Matt Jennings said he had a friend that could sell us some additional stock, and you could those proceeds to go towards Mr. Riske as well, and that would get us 500,000 and complete

the 700,000 we needed to redeem Mr. Riske.
Q. Did he tell you what the identity of the friend was?
A. He did not.
Q. What stock was the friend offering to sell?
A. It was called Rineon Group.
MS. HARRIS: Objection.
THE COURT: Overruled.
Q. Did you in fact purchase the Rineon stock in client accounts?
A. Yes, we did.
Q. Did there come a time when you learned additional bad news about Westmoore?
A. Yes. In mid-June of 2010, Matt Jennings called me, and the SEC had filed an action against Westmoore freezing the assets and suing Westmoore and Matt Jennings.
Q. You said you learned that from a phone call from Matt Jennings?
A. Yes, he called me that day that he found out the news.
Q. What did that mean for Martin Kelly clients?
A. It was pretty serious. We had a lot of clients invested in Westmoore over the years. Some of those clients had nearly all of their money invested in Westmoore. So the fact that it was frozen and the SEC was pursuing action against Westmoore was a serious concern for us, for all the clients that were invested, and especially those that had nearly all their money in

Westmoore.
Q. Approximately what percentage of all of Martin Kelly's clients' assets was invested in Westmoore at that point?
A. Roughly, 20 percent of our client assets overall were invested in Westmoore.
Q. What is that as a dollar figure?
A. That was about $25 million worth of investments.
Q. When is it that you got this phone call from Mr. Jennings?
A. The day of the SEC freeze, which was, I believe, June 17, 2010.
Q. What did you do when you got that news?
A. So I went right into Billy Crafton's office, gave him the news, and we started discussing kind of next steps, what we should do. Billy asked if I could meet Matt Jennings in person as soon as possible to discuss what was going on with the SEC.
Q. Did you do that?
A. Yes. So this was a Thursday that the news came out. Then the next morning, Friday morning, I met with Matt Jennings.
Q. Where did you meet him?
A. We meant in Irvine, in Orange County, California.
Q. Who was at that meeting?
A. When I had showed up, I was at a coffee shop in a business park, and Matt Jennings was there and Jason Galanis was there.
Q. Had you been aware that Jason Galanis was going to attend that meeting?

A. I was not aware.
Q. Had you seen Jason Galanis since the one meeting you had with him in 2008?
A. I had not, no.
Q. Was anyone else at the meeting?
A. No, just the three of us.
Q. What was discussed at that meeting?
A. I was asking Matt a lot of questions, just about Westmoore, the state of Westmoore. Are there any assets? Do they have money? Is there any real merit to this lawsuit? And what his next steps are. And then Jason was there -- it did seem more in a supportive role as a friend to Matt -- trying to help come up with ideas on how to move forward. Matt seemed to be very shocked about -- still very shocked about being sued by the SEC, but believed there was real value in the Westmoore investments and real value in their assets.
Q. Did you still believe there was underlying value in the Westmoore investments at that point?
A. I did.
Q. Did there come a time when you met with Jennings and Galanis again?
A. Yes, the following week. At the end of our initial meeting, Matt had suggested that perhaps myself or myself and Billy and Jason should get together, maybe there was a way we could come together and help each other out through this issue,

and Matt set up a meeting for the following week with Jason Galanis, myself and Billy Crafton.

Q. Where did that meeting take place?

A. That was at a hotel in Los Angeles.

Q. Was anyone other than the four people you mentioned present for that meeting?

A. No, just the four of us.

Q. How did the meeting get started?

A. So Matt kind of made introductions again for myself, Billy Crafton and Jason Galanis, and then said, hopefully you guys can find a way to work together through this. And then Matt removed himself from the meeting, and it was just myself, Billy and Jason.

Q. What, if anything, did Jason propose during that meeting?

A. At that meeting, he suggested that if we were able to make additional investments of our clients' money, he would be able to get us stocks back in our clients' accounts, which could help replace any lost value that our Westmoore investments could experience because of the SEC crisis. So we would make a new investment and then he would deliver stocks to us.

MS. HARRIS: Objection.

THE COURT: Overruled.

(Continued on next page)

BY MS. MERMELSTEIN:

Q. Let's back up to make sure we're catching that. So he proposed that you would make an investment in a particular stock?

A. He proposed an investment in three stocks. If we invested $10 million across three companies, those companies were Gerova, Rineon, and WLMG Holdings, we can invest $10 million across those three companies, and in turn, the value of the securities we would receive back would be roughly $36 million.

Q. How is that possible?

A. So we would invest at a lower price, and then Jason Galanis or his associates or entities would then move those -- the price of those stocks higher. So, for example, if he had us buy a stock at $5 that was very infrequently traded, so there wasn't much market activity, we could buy it at $5 from him, and then they could, with a couple of trades, move that $5 stock up to $25. So that's how we could see the increase in value by investing $10 million, but then shortly after that, our clients would see $36 million of statement value.

Q. Did you understand that to be allowed?

A. That was not allowed.

Q. What else, if anything, did Jason Galanis offer you as part of this deal?

THE COURT: What do you mean when you say "statement value"? Is "statement value" the same as "value"?

THE WITNESS: Yes. So for example, we had $25 million worth of Westmoore securities that were in danger of becoming zero through the SEC action. So we were looking to replace that value with other stock --

THE COURT: I heard that. My question is limited to the concept of you referred to, "statement value".

THE WITNESS: Right.

THE COURT: Is that the same as the actual value?

THE WITNESS: The actual value of those companies?

THE COURT: Could you sell your holdings at that price that the statement reflects?

THE WITNESS: I understand. Most likely, no, because there is minimal to no market activity in those companies, so that would be possibly considered paper value. For example, that $25 stock, there's nobody else out there in the market trading and buying that stock. So it may say $25 on paper, but if I really went out to sell it, there would be no buyers, so really, that value would be much less than $25. It's probably closer to zero, or $1, or something much lower.

BY MS. MERMELSTEIN:

Q. Just so we're clear. The effect of inflating the price of the demonstrated stock would be to have a number that would be listed on client statements that was, in fact, fraudulently higher than the real value.

A. That's correct.

Q. Okay. Other than the offer to take $10 million and return $36 million of paper value stock, were there any other incentives Jason Galanis offered during that meeting?
A. Yes. He offered to provide a liquidity pool or a cash pool for any of our clients that needed emergency money. So we had told him $10 million is too much for us to invest in new money, maybe we can do $5 million in return for $25 million of value to replace their Westmoore losses. And by us investing $5 million with him, he would provide us $1 million back with liquidity to provide the clients that would need emergency money that we could not get out of the Westmoore investment.
Q. And liquidity is just another way of saying cash you can give back to clients?
A. Correct, cash.
Q. Did you have an urgent need for cash?
A. We did. We had one client that -- separate from Mr. Risky -- but another client at that time that wanted all their money out of Westmoore. It was about $285,000. And we, at that meeting at the hotel in Los Angeles, asked Jason if he could help us get cash to that client.
Q. What did he say?
MS. HARRIS: Objection.
THE COURT: For the fact that it was said, not for the truth of the content.
MS. MERMELSTEIN: I think the government intends to

offer the statement in furtherance of the conspiracy.

MS. HARRIS: Could we approach, your Honor?

THE COURT: Yes.

Ladies and gentlemen, stand up and stretch.

(Continued on next page)

(At sidebar)

THE COURT: First of all, what do you expect the testimony to be?

MS. MERMELSTEIN: Your Honor, I expect the testimony will be that this meeting is the first meeting in which Jason Galanis essentially offers Gavin Hamels the opportunity to join the criminal conspiracy in which, in return for an investment, ultimately the way it's structured is in a $5 million investment in Gerova to be made through matched trading, in return for which three, quote/unquote, shares of Rineon and WLMG will be provided to Martin Kelly to place in client accounts to cover up, essentially, that Westmoore is going to go to zero, and that as part of that criminal agreement, Jason Galanis also offered liquidity in the form of up to a million dollars to be provided for clients who needed to redeem, and in fact, Jason Galanis did provide some of that liquidity, and then Mr. Hamels engaged in the matched trading he had agreed to.

MS. HARRIS: Your Honor, this essentially reiterates some of our in limine concerns, and this is where it comes to a head where we do not believe that this phase of the narrative is part of the original conspiracy. I don't think a foundation has been alleged enough to establish these statements are anything connected to the allegations that involve Mr. Hirst back the other part of the case. So I don't think these are statements in furtherance of the conspiracy, they're too attenuated.

THE COURT: They certainly appear to me, at least prima facie, to be statements that form the basis on which this witness joined the conspiracy. It does not need to relate to Mr. Hirst's end of the conspiracy, different conspirators have different roles. This is how Mr. Hamels joined the conspiracy, and it could be offered for the truth of its content. Thank you.

(Continued on next page)

(In open court)

MS. MERMELSTEIN: Your Honor, may I have one moment to consult with my colleagues?

THE COURT: Sure.

(Pause)

BY MS. MERMELSTEIN:

Q. So we were talking, I think, before we stopped for a moment about the liquidity that Jason Galanis offered. You were saying, how urgent was your need for that liquidity when Mr. Galanis offered it to you?

A. We asked at that meeting in Los Angeles if he could help us right away with a client that needed money or had asked for their money out.

Q. What did you understand of Jason Galanis' connection to WLMG, Rineon, and Gerova?

A. My understanding, he had some sort of either executive role or important shareholder role in those companies. He seemed very active in the operation of those businesses, and as far as his communication of the plans to grow those companies and how they would make acquisitions and grow those businesses into larger businesses, so he came across as an executive type role.

Q. Did he refer to them as being his companies?

A. Yes.

Q. Did you ever meet other executives or individuals associated with any of those three entities?

A. No. The only individually I communicated with was Jared Galanis about those companies with Jason, but I did not meet any others.

Q. Did you ever meet Jared Galanis in person?

A. I did not.

Q. So just email, telephone communication?

A. Yes.

Q. In particular, did you ever meet Gary Hirst?

A. I did not.

Q. Did Galanis explain to you where the Gerova, Rineon, and WLMG shares were coming from?

A. He did not explain it other than to speak of those shares as "his" or "ours". So either entities that he controlled, or perhaps even personal shares, but he didn't specify, he only spoke in the term of "our shares" or "my shares", something like that.

Q. What, if anything, did Jason Galanis tell you about why he was prepared to offer this deal?

A. He said it was a situation where our problem could help him. So by getting Rineon and WLMG's shares to our clients and asking us to hold those shares for a year or longer and not trade them, he would be able to do a couple of things. One is, he would try to get -- certain stock market listings, you need a minimum number of shareholders to qualify for various stock market listings. So having our 50 to 60 clients own shares in those two companies would help get him towards that minimum number. And in addition, if our clients weren't selling those shares, there wouldn't be any type of price volatility where we could go in and sell 100 shares, and our $25 stock then drops down to 5 or $1 without any notice to him. He wanted to know where all the stock was, and if the stock was with us and our clients and we told him we wouldn't sell it, that would give him comfort and allow him to do various transactions with that stock.

Q. In addition to the stability of knowing that you would hold the shares, did Jason Galanis have any interest in increasing the number of shareholders?

A. Yes. For the purpose of meeting certain minimum numbers of shareholders to qualify for stock listing.

Q. Was that for all three companies, or just some of them?

A. That was just for the Rineon and the WLMG. At that time, Gerova was already on the American Stock Exchange and was a much larger company and had already, to the best of my knowledge, had met all of those minimum investing requirements at that point.

Q. Did you ultimately agree to this plan with Jason Galanis?

A. We agreed to a variation of it, but we did agree to a plan with Jason.

Q. What was the variation?

THE COURT: What do you mean by "we agreed"?

THE WITNESS: Myself and Billy Crafton.

THE COURT: Thank you.

Q. What was the variation of the plan that you agreed to?

A. After this initial proposal to invest across all three companies, it eventually came down to Jason instructing us, myself or Billy, to invest $5 million into Gerova by investing in the stock market, buying the stock for our clients, and in return, they would gift to our clients the Rineon and WLMG. So the $5 million investment went directly into Gerova, and then our clients got free shares in their accounts.

Q. Did you personally get any money in connection with that agreed upon transaction?

A. No, I did not.

Q. Why did you agree to it?

A. We were at a desperate place. I mean, I think the real possibility of losing $25 million from our Westmoore investments would have severely hurt our business. We would have lost clients. And we didn't want there to be a panic, and so we had this opportunity to do something that was proactive to try to preserve value for them, but really, you know, we were concerned about clients leaving us.

Q. How was the deal structured in the formal pattern?

A. So for the Gerova investment, we would invest in the stock market and buy the shares for our clients. For the Rineon and WLMG, the various entities that owned those stocks would loan those stocks to an LLC. Jason and Jared Galanis had said they could make Billy the owner or principal of this LLC that's borrowing the stock, and then Billy could then gift the stock to our clients. So they explained it as a loan of stock to Billy, basically, that Billy could then gift to the clients.

Q. Let me ask you, Mr. Hamels, to look in the Redweld in front of you and pull out Government's Exhibit 680 and 682 for identification. Those are not yet in evidence.

A. Okay.

Q. Do you recognize those?

A. Yes, I do.

Q. Let's start with 680. What is that?

A. So this is a purchase agreement for the shares of Rineon and WLMG. So basically, Billy accepting these shares on behalf of the clients.

Q. 682, what is that?

A. 682 is a promissory note or a loan agreement. This is a draft of an agreement that would document the loan of those stocks of Rineon and WLMG to the LLC or to Billy.

Q. So this is the paperwork associated with the agreement you struck with Jason Galanis.

A. That's right.

MS. MERMELSTEIN: The government offers Government's Exhibit 680 and 682.

MS. HARRIS: Over our previous objections.

THE COURT: Understood. Received.

(Government's Exhibits 680, 682 received in evidence)

MS. MERMELSTEIN: Let's, if we can, publish first 680 to the jury, please.

BY MS. MERMELSTEIN:

Q. Remind the jury, now that they have it in front of them, which one this is.

A. This is the purchase agreement of the shares.

Q. What is Hillsden Subsidiary Ltd.?

A. This is one the entities that was contributing the stock or loaning the stock, the Rineon and WLMG stock.

MS. MERMELSTEIN: Ms. Sheinwald, if we can flip to the last page of that document. I don't think we're there yet with the jury. There we go.

Q. Whose name is under the signatory block for Hillsden Subsidiary Ltd.?

A. Maureena Galindo.

Q. What about the second signatory line?

A. Bill Crafton.

Q. This document is not signed. Was this agreement ever executed?

A. No, it was not.

Q. Then let's pull up 682. Again, what is this document?

A. This is the loan agreement or promissory note for the entities that loaned the shares to Billy Crafton or the LLC

that he would control.
Q. Now, this document has a number of blanks, including who the parties are, the amounts owed. Was this ever filled out?
A. No, it was not.
Q. Was there ever a promissory note of any kind executed between Crafton and the provider of the WLMG and Rineon shares?
A. No.
Q. What was your understanding about whether or not the loan had to actually be paid?
A. Many times in talking about, kind of, the documentation of this with Jerad Galanis, he had said this would be a nonrecourse note to Billy where he really wouldn't have to pay it back, or perhaps we could pay it back with Westmoore securities once the SEC action was resolved. Jared threw out the various options of how we could either pay this back or multiple times he said maybe we don't even have to pay it back. So it was a very loose agreement or loose loan agreement, and no specifics on how we had to pay it back.
Q. Before agreeing to this transaction with Jason Galanis, did you conduct any due diligence on WLMG or Rineon or Gerova?
A. Minimal. So after the meeting in Los Angeles where Jason mentioned these three companies, I went back and looked up what I could find on them. There wasn't much public information or public filings, but I just looked up whatever I could find.
Q. Did Jason Galanis provide you with any documents about the

company?
A. Jared provided me some documents at some point, but I had multiple discussions with Jason and Jared about these three companies, just asking them for more information, walk me through the business plan for Rineon and asked them to walk me through the business plan for WLMG, similarly for Gerova. Just many times when I spoke with them, asking them if there's any new information, what's the financial health, financial prospects, just trying to kind of learn more about these companies and have more information.
Q. Was the due diligence you performed on WLMG, Rineon, and Gerova, was that a typical amount of diligence that you would perform for a potential investment?
A. It was not. It was much less.
Q. Was your decision to invest client funds in those three entities, was the due diligence determinative in that?
A. No.
Q. Would you have invested in those companies at this particular time absent the deal with Jason Galanis?
A. No.
Q. At this point in time, Suntrust owned Martin Kelly; is that right?
A. That's correct.
Q. Did you tell anyone at Suntrust about this agreement at the time you entered into it?

A. No, I did not.

Q. Why not?

A. I think Suntrust would not have authorized this type of transaction or else they would have required their legal department or compliance department to more closely scrutinize the proposal.

Q. Did you tell Martin Kelly clients that you entered into that arrangement?

A. No, not specifically. We told them about the free shares they were receiving, but we did not specifically tell them in order to get those free shares we need to buy additional stock in Gerova. We did not tell them about that complete transaction.

Q. Why not?

A. I think it probably would have required -- it would have been difficult to explain to clients, and they may not have agreed to it.

Q. What did you tell clients about why they were getting these seemingly free shares?

A. We sent clients a letter with some other paperwork that Charles Schwab required, and in the letter we said there's an issue with Westmoore, the SEC has an action against it, we don't really know the value of Westmoore, but we've taken this other action on your behalf, and you'll be receiving these two sets of free stocks to replace that value in Westmoore.

There's no cost to you as the client to receive these shares, and please sign this documentation to be able to complete this transaction.

Q. Why did you need the clients to sign documentation to complete the transaction?

A. To deposit those shares in their accounts, the clients needed to sign a form for Charles Schwab with some specifics about that stock, the number of shares, how it was acquired, that type of a thing.

Q. While you were structuring this transaction, what had happened to the reported value of Westmoore?

THE COURT: All right. Ladies and gentlemen, we're going to hold you in suspense on that and break a little bit early. We're going to pick up with the answer to that question tomorrow morning.

As always, keep an open mind, don't discuss the case among yourselves, don't go on the internet doing your own research on the case. Do have a very pleasant evening, and don't discuss the case with anyone. We'll see you back for a start tomorrow, same time, 10:00. See you then.

(Continued on next page)

(Jury not present)

THE COURT: See you tomorrow at 9:45.

MS. MERMELSTEIN: If we could ask the witness to be excused and take a matter up with your Honor?

THE COURT: Could we take it up tomorrow morning?

MS. MERMELSTEIN: Yes.

THE COURT: What is it?

MS. MERMELSTEIN: Tomorrow morning is fine, your Honor.

MS. HARRIS: The exhibit, your Honor, I don't know if it affects the government's case tomorrow.

THE COURT: Say that again.

MS. HARRIS: We had the issue with Government's Exhibit 910.

THE COURT: The chart?

MS. HARRIS: Yes.

THE COURT: We'll take it up tomorrow morning.

(Adjourned to September 20th, 2016, at 9:45 a.m.)

INDEX OF EXAMINATION

Examination of: Page

MICHAEL HLAVSA

Cross By Mr. Tremonte 675

Redirect By Ms. Hector 721

Recross By Mr. Tremonte 773

ALAN COLE

Direct By Ms. Mermelstein 780

KATHY KRAM

Direct By Ms. Hector 793

JAMIE PATTURELLI

Direct By Ms. Mermelstein 803

GAVIN HAMELS

Direct By Ms. Mermelstein 833

GOVERNMENT EXHIBITS

Exhibit No. Received

300-308, 330-334, 340 and 341, 360-365, . . . 778
370-386, 390-393, 395, and
1508

509, 1200, 1210, 1220-1222, 1260, 1262, . . . 780
1280-1282, and 1512

1505 826

1507 827

1502 828

1503 829

400-409, 410-412, 413-416, 417-424, ... 830
426-430, and 1504
425 and 1506 831
1000 through 1019, 1021 through 1024, ... 832
1026 through 1028, 1031
through 1033, 1036, 1038
through 1055, 1058 through
1086, 1097 and 1101, 1088
through 1089, 1091 through
1094, 1096, 1098 through 1099,
1102 to 1103 and 1514
680, 682 862

DEFENDANT EXHIBITS

Exhibit No. Received
1250 680
1249 697
810 703
811 708
1254 716
327 745